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NEWS SUMMARY

GENERAL

PLO 'may start to pull out this week'

A U.S. force of 1,800 Marines sailed from Naples for Lebanese waters yesterday, where it will be ready to land as part of n international peacekeeping force.

Israeli and Lebanese leaders said final agreement on the evacuation of PLO fighters from Beirut was close.

Lebanese Premier Chafiq al-Wazzan said after meeting U.S. mediator Philip Habib that it could begin this week. Back Page

Falklands call

Argentina and 19 other Latin American states urged the UN to call for negotiations over the Falklands Islands, under its auspices.

Warsaw demo

Warsaw riot police dispersed crowds as military ruler General Jaruzelski met Soviet President Brezhnev in the Crimea. Economic hopes, Page 2

Inquest adjourned

A Leeds inquest into the death of nurse Helen Smith was adjourned until October 12 for a jury hearing.

Ambulance strike

Police took over as Derbyshire ambulance drivers struck over bonus payment claims made 13 months ago. Poll boost, Page 6

'No death links'

Police ruled out any link between the killings of schoolchildren Susan Maxwell and David Milner.

Doe visits U.S.

Liberian head of state Samuel Doe today begins his first visit to Washington since seizing power over two years ago.

Iran executions

About 70 Iranian officers have been executed in connection with a plot led by former Foreign Minister Sadeq Qotbzadeh, exiles said. Page 3

Editor convicted

South-West African editor Hannes Smith was convicted on charges of reporting South African troop movements and possessing Playboy magazines.

Elvis mourned

Over 5,000 fans with lighted candles visited Elvis Presley's grave in Tennessee to mark the fifth anniversary of the singer's death.

Cut rates

A London private hospital is cutting treatment costs for British patients to attract more "indigenous" custom. Page 6

Pakistan win

Pakistan (428/8 dec and 77/0) beat England (227 and 276) by 10 wickets in the second test at Lord's, squaring the series.

Hot tip

Rubbish decomposing in a Liverpool tip is generating natural gas worth £7m a year. Back Page

Briefly...

Frank Middlemass is to take over the role of radio's Dan Archer.

Archaeologists found a 7th century BC cemetery on Samos Island, Greece.

Twenty-four died when their bus hit a train near Tula, Mexico.

Gallaher is to raise cigarette prices by 2p for 20 on September 8. Page 6

BUSINESS

Mexico holds talks with IMF

● MEXICAN Government has held talks with the IMF amid reports from Mexico City bankers that the country will have to renegotiate at least part of its $60bn (£35.23bn) public sector foreign debts. Back Page

● GILTS were strong. The Government Securities index gained 1.24 to 75.49, its biggest one-day rise for two years. Page 21

● EQUITIES were quietly firm. The FT 30-share index added 0.9 to 545.8. Page 21

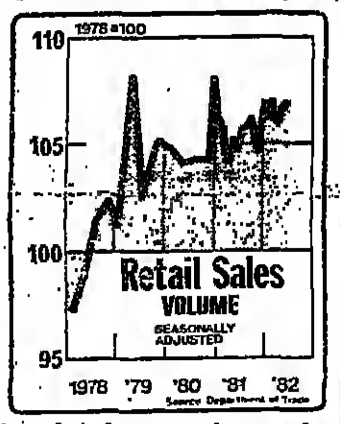
● DOLLAR rose to DM 2.517 (DM 2.5075), FFr 7.005 (FFr 6.99), SwFr 2.155 (SwFr 2.1425) and Y263.75 (Y262). Its trade weighted index was 122.6 (122.4). Page 22

● STERLING was unchanged at $1.703. It rose to DM 4.29 (DM 4.27), FFr 11.9275 (FFr 11.9) and SwFr 3.6725 (SwFr 3.65). Its trade weighted index was 91.1 (90.9). Page 22

● GOLD rose $4 to $342.5 in London. In New York the Comex August close was $339 ($334.5). Page 17

● WALL STREET was up 8.75 to 796.3 near the close. Page 20

● RETAIL SALES last month were broadly at the same level as in June. The seasonally adjusted index of volume sales edged up from 106.6 to 107. Back Page



● U.S. EARNINGS adjusted for inflation were down 2.1 per cent in June compared with the same month last year. Page 4

● GOVERNMENT OIL revenues are likely to be substantially higher in 1982-83 than officially forecast, according to two financial reports. Page 5

● DENMARK will have a budget deficit in 1983 equivalent to 14 per cent of the gross domestic product, according to Government budget proposals. Page 2

● CHAMBERS OF COMMERCE said smaller and medium sized manufacturers face a wave of closures and redundancies. Back Page

● POLISH planners expect the military regime's reforms to improve the domestic economy in the next few years but they believe the foreign debt will rise. Page 2

● BUILDING material sales slipped in June after rising for several months. Page 5

● FRENCH Government is reported to have imposed a ban on imports of meat from animals which had been treated with hormones. Page 17

● BRITISH SIDAC is to close its cellulose film-making factory on Merseyside with the loss of 650 jobs.

● JYSKE BANK, Danish commercial bank, has had its 1981 accounts qualified. Page 19

● REARDON SMITH LINE, shipping group, incurred a pre-tax loss of £129,000 for the year to March 31, against a profit of £1.43m. Page 14

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treas 12¾ '86 Cnv	£103¼	+ 1⅛
Treas 13½ 2004-08	£114¾	+ 2¼
Aeronautical & Gen	†252	+ 20½
Bass	250	+ 9
Bulmer (H. P.)	600	+ 25
Crouch (D.)	100	+ 7
Dundonian	74	+ 4
Ferranti	403	+ 13
First Castle	62	+ 6
Fleet Holdings	20	+ 2
Grand Met.	†250	+ 6½
Johnson Gp Cleaners	228	+ 6
Merrydown Wine	†178	+ 17
Nottgham Manufctg	182	+ 6
Plessey	517	+ 5
Royal Insurance	350	+ 8
Sound Diffusion	140	+ 6
Tarmac	338	+ 8
Union Discount	475	+ 15
Watson (R. Kelvin)	73	+ 5
LASMO	333	+ 8
Ultramar	†338	+ 10½
Anglo Am. Corp.	570	+ 12
Charter Cons.	187	+ 5
Cons. Gold Fields	403	+ 6
East Rand Prop.	485	+ 76
President Brand	£15½	+ ¼

FALLS

Barclays Bank	†354	− 10
Blue Circle	412	− 11
Exco	197	− 8
Hongkong Land	51	− 6
Hutchisn Whampoa	99	− 15
Jardine Matheson	126	− 10
Midland Bank	†296	− 8
Standard Chartered	362	− 11

† Ex-dividend.

Tax law clampdown likely to hit British takeovers in U.S.

BY DAVID FREUD AND CHARLES BACHELOR

THE INLAND REVENUE plans to put a stop to a tax arrangement which many companies have used in recent years to make acquisitions in the U.S. cheaper.

The Revenue has set up a specific investigation of the arrangement, which it says exploits a loophole in the law.

So far most of £300m loans, covering 50 cases, have been discovered to be connected with this arrangement. Two individual cases account for £90m.

The investigation is disclosed in confidential working papers dealing with the Revenue response to criticisms of its proposals on company residence, tax havens and upstream loans.

The arrangement allows a UK company to offset its interest payments against both UK and U.S. tax. In practice this means that the full cost of interest payments can be reduced by as much as 98 per cent.

In recent years there has been a surge of UK companies which have mounted takeovers in the U.S., particularly in the food and engineering sectors.

One company that may have used the provision is Grand Metropolitan, which has bought both Intercontinental Hotels and Liggett in recent years.

Yesterday Imperial Group, which bought Howard Johnson in 1980, refused to comment.

The arrangement, dubbed the "Delaware Link," uses the contrasting approach to residence in UK and U.S. law.

A dual resident subsidiary set up by a UK company in Delaware, which has the lowest state tax in the U.S., can claim a U.S. domicile, and also to be controlled from the UK.

So it can group its interest payments under each tax legislation, and obtain the appropriate relief against tax twice over.

If legislation is introduced in the next Budget banning the Delaware link, some UK companies could find themselves paying much more tax, and earnings per share might suffer.

The main merchant bank specialising in the field of U.S. takeovers are Morgan Grenfell and S. G. Warburg. Yesterday Mr Roger Seelig, a director of Morgan Grenfell, said: "The cost of debt must be a material consideration in transatlantic mergers, and the abolition of such relief would have a substantial adverse effect."

Some big UK companies have not used the Delaware Link, after examining it closely, for fear of the Inland Revenue's reaction.

United Biscuits, Babcock International and Unigate have decided against using the arrangement. Mr Daniel Hodson, finance director of Unigate, said: "The attitude of the Inland Revenue is uncertain, and the law is changing, so the equilibrium of the arrangement is unstable."

The Revenue's attack on the arrangement appears in its paper on upstream loans, those made by a subsidiary to its parent or a holding company set up for the purpose.

Its main evidence to support introducing legislation to stop upstream loans, use of which it says is increasing, concerns arrangements under the Delaware Link.

"It is impossible to obtain a complete picture of the problem without a detailed examination of the accounts of every UK multinational group: in the past such loans have generally come to light in the course of other inquiries," says the Revenue.

"But from the relatively limited evidence currently available it is clear that significant amounts of tax are often at stake.

"Moreover, these loans are commonly used as an integral part of a wider avoidance device by which UK groups with subsidiaries in the U.S. may secure a double deduction for the same interest payment."

Lex, Back Page

Union leaders bow to Civil Service pay curbs

BY PHILIP BASSETT, LABOUR CORRESPONDENT

CIVIL SERVICE union leaders are accepting that industrial action will not shift the Government from its cash limits on pay increases, according to a confidential paper to be examined by senior union leaders today.

The paper seems certain to cause a serious row at today's meeting of the major policy committee of the nine unions' umbrella body, the Council of Civil Service Unions.

The draft document, prepared by CCSU officials, is the unions' first point-by-point response to the findings of the Government's inquiry into the pay system for Britain's 530,000 civil servants, chaired by Sir John Megaw.

The paper is likely to harden the growing view in some unions, notably the middle-grade Society of Civil and Public Servants, that Megaw should be rejected completely.

The Institution of Professional Civil Servants, which is cautiously in favour, represents the prevailing view.

Union leaders have denied reports that they have agreed to informal talks "without prejudice" on Megaw, but a separate CCSU minute says the unions could enter exploratory discussions with the other side to "clear the ground before further consideration of the council's position."

However, few union members are likely to be aware of how far the CCSU has gone towards accepting many of Megaw's central proposals. Though the CCSU *Megaw* paper stresses it finds points of the inquiry's findings "unacceptable" and "unsatisfactory," the document says the major policy committee "was content with the report's comments on market forces."

The Megaw inquiry found broadly in favour of the Government's drive to make Civil Service pay reflect more closely the impact of market forces. Civil Service unions have completely opposed this.

The CCSU paper notes that the Megaw inquiry failed to tackle the Government's cash-limits policy on pay. But it adds: "There could be no hope of a solution on the basis of further major confrontation"—a clear acceptance that any repeat of last year's 21-week pay strike in the Civil Service would not shift the Government.

The unions acknowledge that, despite their public opposition to the plan, the Government will fix its cash limits before the Civil Service pay increase is due.

Significantly, none of the section in the paper dealing with cash limits or market forces appears in the first draft version reporting the meeting at which the CCSU line was agreed. Some union leaders last night detected the hand of moderate unions in this redrafting.

The CCSU document is in sharp contrast to a paper on Megaw prepared by the SCPS.

Continued on Back Page
Civil Service and private sector pay compared, Page 6

Competition warning for insurers

BY ERIC SHORT

CUT-THROAT competition for commercial insurance business would have grave consequences for the stability of the UK insurance industry, Mr John Howard, chief general manager of the Royal Insurance Group, said yesterday.

Royal was revealing its first-half results for this year, which showed underwriting losses up threefold compared with the same period last year from £30.6m to £94m. Pre-tax profits were halved from £68m to £32m.

Royal said premium rates in commercial insurance had been cut to levels which appeared ridiculously low—cuts averaging around 25 per cent but in some cases at least 50 per cent.

The company was prepared to lose business rather than renew on unrealistic terms. Premiums on UK commercial business had fallen 8 per cent over the period.

Other UK insurance groups are reporting similar concern and taking similar action. Last week, Commercial Union reported a 2.4 per cent fall in premiums on UK commercial business while General Accident reported stagnant business.

Royal's poor first-half results were blamed on the severe winter in the UK and U.S. which cost £42m more in claims than in the first half of 1981 and on continuing stiff competition around the world.

The company reports an underwriting loss of more than £50m this time in the U.S. against £12.8m last year and has been implementing a programme of rate increases. Action taken last year in Canada and Australia is coming through in lower underwriting losses at the expense of a fall in market share. Premiums in Canada have fallen 17 per cent over the period.

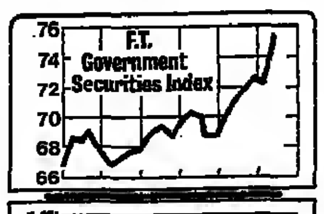
The market was relieved that the results were better than expected, following the poor results announced last week by CU and GA. The share price, which fell substantially last week, improved 8p to 350p.

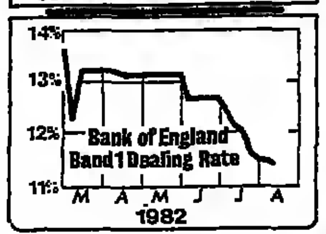
Results, Page 14
Lex, Back Page

£800m short tap announced as gilts do well

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE Bank of England yesterday announced an £800m short tap to a gilt-edged stock market which had one of its best day's trading since the Budget, and reached new three-year peaks.





The much more optimistic mood was reflected by falls in money market interest rates and followed cuts in U.S. rates. Eurodollar interest rates fell sharply yesterday.

The new tap offers the lowest interest rate coupon launched in the market for four years.

The Bank of England allowed its dealing rates for money market bills to fall a further ½ point. There was general expectation that a half-point cut to 11 per cent in clearing bank base lending rates will follow soon.

This belief was supported by a steadiness in the exchange rate of sterling. It closed in London unchanged against the dollar at $1.703 and slightly up against the continental currencies. The Bank of England trade-weighted index of its value against a basket of currencies rose 0.2 points to 91.1.

The new tap is 10½ per cent Exchequer 1987 to be offered for tender by August 19, with a minimum price of £96.75 per cent. The first interest payment on April 6 will be at £5.9584 per £100 stock.

The tap follows the exhaustion last week of the £500m of 12 per cent Treasury 1987 "A" stock which was issued 10 days earlier.

The announcement of the stock did not dampen the enthusiasm of the market which moved prices up to new three-year peaks. The FT Government Securities index rose 1.24 points to 75.49 and selected longer-dated stocks ended the day with rises of up to 2½ points.

The equity market followed suit, although with more subdued trading. The FT 30-share index rose 0.9 to 545.8.

Continued on Back Page
Attack on Prior for call to aid industry, Page 5
Money Markets, Page 22
Threat to small manufacturers, Back Page
Lex, Back Page

Fall in U.S. interest rates helps trigger share rally

BY RICHARD LAMBERT IN NEW YORK

INTEREST RATES moved lower again in New York yesterday and share prices rallied strongly in early trading.

The move towards lower prime rates, which began on Friday, became widespread. Most banks cut their prime-rate at which banks lend to their best customers— from 15 to 14.5 per cent.

Bankers Trust of New York the ninth largest bank in the U.S., cut its rate by a full point to 14 per cent. It said a reduction on this scale seemed appropriate in view of the steep fall in money market rates during recent weeks.

The widely-followed federal funds rate was trading yesterday morning at about 9.75 per cent, down from 10.25 per cent on Friday.

The continuing fall in interest rates helped to trigger a strong rise in share prices. By 1 pm the Dow Jones Industrial Average was up 12.46 points at 800.31. That followed a rise of 11.13 points on Friday from the low point of the year, touched on Thursday.

Share dealers were enthusiastic about Occidental Petroleum's takeover bid for Cities Service, which came late on Friday. Gulf Oil's earlier decision to withdraw its bid for Cities Service had threatened some traders with heavy losses. Cities Service shares were suspended yesterday ahead of a board meeting at which it was to consider its response to Occidental's offer.

Bond prices roved higher yesterday morning, with gains of more than half a point for the longer-dated issues.

Eurobond dealers study law change

By Duncan Campbell-Smith

U.S. COMPANIES could lose access to the Eurobond market unless significant changes are made to proposed amendments in U.S. tax law, according to senior Euromarket bankers who were yesterday engaged in a study of the amendments' impact.

A change in the terms and conditions of three bonds already in the market place for IBM, Du Pont and American Natural Resources was suggested over the weekend by the issues' managing banks in an attempt to accommodate the amendments, but the reaction of investors yesterday was mixed at best.

At least one bank participating as a co-manager made clear that it would withdraw rather than accept the suggested terms. Others disclosed a worrying run of cancelled orders for the bonds during the day.

The tax law changes, still being considered in Washington by Congressional staff in conference committee, have been designed to bar U.S. citizens from receiving tax-free interest on securities, including bonds.

A growing volume of bonds has been issued in the Euro market by U.S. companies — current new issues by them, for example, exceed $¾bn (£441.00m).

Under the amended law, the burden of ensuring that interest on securities was not received tax free in the U.S. would fall in practice on the borrower—with prescribed penalties for any non-observance.

This would cause a major problem for U.S. issuers of Eurobonds, which are traditionally bearer certificates carrying no registration of ownership.

The only option available to U.S. borrowers in this setting—short, that is, of turning away from the Euromarket altogether—is a slightly altered Eurobond wording and procedure for U.S. borrowers.

As the vexed search for this was continuing, it emerged in Washington that the tax law

Continued on Back Page
Euromarket's personality cult, Page 18

£ in New York

—	Aug. 15	Previous
Spot	$1.7050-7070	$1.7095-7110
1 month	0.02-0.05 pm	0.04-0.07 pm
3 months	0.42-0.47 pm	0.55-0.58 pm
12 months	3.75-3.90 pm	3.80-3.95 pm

CONTENTS

For latest Share Index phone 01-246 8026

IMF concerned over surge in Turkish inflation

BY METIN MUNIR IN ISTANBUL

THE International Monetary Fund (IMF) has expressed concern over the recent revival of inflation in Turkey. It says that unless reversed quickly, the surge in inflation will threaten the progress made.

In its latest appraisal of the Turkish economy, the IMF stated: "Inflation has turned up. Between the fourth quarter of 1981 and the second quarter of 1982, the year-on-year rise in wholesale prices quickened from 27.5 per cent to 30 per cent."

The IMF attributed this rise "to the increase in food prices and the adjustment of prices of goods manufactured by state economic enterprises. But the basic force was the "extremely rapid rate of monetary expansion." This arose partly from state intervention to help the ailing banking system.

The IMF said that the monetary tightening it recommended to the government "comes close to the minimum if further significant decline in inflation is still to be achieved in 1982." There was little room for slippage from the monetary targets.

The IMF's recommendation for tighter monetary control comes at a time when Turkish banks and businesses have been weakened by the tight monetary policy in effect since 1980.

Nearly 150 companies have applied to the government for financial assistance.

The banking system is strained because of a general rise in the ratio debts which cannot be collected from industry. Economists believe that the new standards set by the IMF would test the limits of the economy when it is at its weakest.

However, the government has promised the IMF to press on with the programme of economic adjustment and to address any deviations from austerity.

In his letter of intent to the IMF, Mr Adnan Baser Kafaoglu, the new Finance Minister, said: "The government's foremost priority in the period ahead is to bring down the rate of inflation. This will require an appreciable tightening of monetary policy."

Mr Kafaoglu replaced Mr Turgut Ozal, the deputy Prime Minister, who resigned last month, as supreme economic planner, on July 14. Mr Kafaoglu has promised a series of economic measures, which he is busy preparing with experts of the Finance Ministry.

Turkey is in the last year of its three-year, 1,250m Special Drawing Rights standby arrangement with the IMF.

The IMF report, which is due to be reviewed by the IMF's board later this month, said that "economic performance since the turn of the year has been more mixed than in 1981."

However, IMF experts expect the growth rate this year to exceed last year's 4.5 per cent, and become the highest in Europe.

The balance of payments continued to strengthen "faster than initially foreseen," the report said. "Exports in January-April were 27.5 per cent higher than in the corresponding period of 1981, while imports fell by 8 per cent.

The growth in economic activity was sustained at its 1981 pace. In industry, capacity utilisation "increased somewhat further," and there was hope that private sector investments might begin to recover this year from its 1978-80 slump.

The report concluded: "In sum, the priorities for the final year of the standby arrangement have been appropriately set and a coherent policy programme put together to achieve them."

"If this programme is forcefully implemented and deviation from it promptly addressed, progress should continue to be made at an adequate pace towards stabilising the Turkish economy and positioning it to meet the major financial task that is to be faced."

Iceland may devalue krona before weekend

BY WILLIAM DULLFORCE IN STOCKHOLM

ICELAND'S Central Bank has halted foreign exchange trading since Friday while the government devises a plan to cope with the country's economic difficulties. A devaluation of the krona is expected before the end of the week.

The main problem is the fall in the production of the fishing industry which accounts for some 75 per cent of the island's export revenues.

Catches of white fish, including cod, have so far this year been roughly 25 per cent lower than last year's. A ban was imposed on fishing of the heavily depleted Capelin stock last December and no licences may be issued this year.

The current account deficit is forecast to reach 8-9 per cent of gross national product in 1982, while, according to the Central Bank, the foreign debt service ratio is likely to jump to 22 per cent of export earnings.

The endemic inflation has returned to a 12-month rate of around 50 per cent in consumer prices after a brief deceleration last year. Iceland usually meets the currency problems posed by inflation by steadily depreciating the krona against the dollar.

The dollar rate climbed from IKr 8.19 at the end of 1981 to IKr 12.40 on Thursday. Speculative import buying over the last three months led to a run on the currency reserves and has produced a situation when a formal devaluation and new economic measures are needed.

The coalition Government of Prime Minister Gunnar Thoroddsen is expected to announce an emergency economic programme on Wednesday or Thursday.

Wave of anti-Jewish attacks in Austria

By Lucian Meysels in Vienna

A SPATE of anti-Jewish bomb attacks has shocked the people of Austria, which was once described by the late Pope Paul VI as the "isle of the Blessed."

During the last two months, there have been more than half a dozen acts of violence against well-known Jewish figures and shops and banks owned by people of Jewish origin.

The wave of attacks started with the explosion of a home-made bomb outside the flat of Dr Akiba Eisenberg, Austria's chief rabbi. After a period of deceptive calm, which led the authorities and public to believe that the attack had been an isolated incident, another bomb went off.

The target was the home of a familiar Jewish figure, Simon Wiesenthal, head of the Jewish Documentation Centre, known for his success in tracing Nazi war criminals. The bomb was similar to the one used against the chief rabbi's home.

Less than a week later yet another explosion caused serious damage to the flat of Dr Alexander Giese, the grand-master of Austria's freemasons and a prominent TV personality.

Dr Giese is not Jewish, but the terrorists apparently followed the old Nazi dictum, that Jews and freemasons are virtually indistinguishable.

Then a bomb exploded in Salzburg, outside a shop of the Jewish-owned Schoeps chain. Shortly afterwards another explosion shattered the windows of one of the chain's Vienna branches. A day later a blast damaged the premises of the Bankhaus Winter, also Jewish-owned.

Most recently a gardener came across another pipe-bomb in a children's playground in a park in the centre of the predominantly Jewish textile district of Vienna. The detonator had failed.

This wave of terrorism is particularly ominous because it has raised echoes of the Nazi era, during which almost one-tenth of the population joined Hitler's party. Some 20,000 volunteered for the notorious SS. And the proportion of Austrians among Nazi war criminals was high.

It has also induced Austrians to take a closer look at the right-wing of the political spectrum. Extremist parties and groups have been increasingly active.

There is Herr Norbert Burger's National Democratic Party, which concentrates its verbal attacks on foreign workers. Even more radical is the Aktion Neue Rechte which could be described as the student wing of the NDP.

There are also several other militant groups operating on the fringe of legality.

While Austria is bound by the State Treaty of 1955, not to permit a Nazi revival, the relevant provisions have been only partially applied.

HESSE ELECTION CAMPAIGN

Embattled Bonn coalition likely to feel strain

BY JONATHAN CARR IN BONN

THE CAMPAIGN for the crucial election in the West German state of Hesse next month already looks set to be one of the toughest and most divisive for years. Above all, it seems bound to impose new strains on Chancellor Helmut Schmidt's embattled Social Democrat (SPD)-liberal Free Democrat (FDP) coalition in Bonn.

Signs of the tensions which lie ahead for the SPD and FDP emerged from what amounted to an opening campaign salvo fired yesterday by Herr Holger Boerner, Hesse's SPD Prime Minister.

In an interview with the weekly magazine Der Spiegel, Herr Boerner accused the Greens—the "ecologists" party which is a rising force—of being close to fascists, and attacked Herr Hans Dietrich Genscher, national leader of the FDP, for lacking political courage.

Herr Boerner claimed that Herr Genscher had pressed the liberals in Hesse behind the scenes to desert their long-standing coalition with the SPD—but was now leaving his own party colleagues there high and dry.

Ever since the Hesse FDP decided in June to drop its alliance with the SPD after the September election, there has been speculation that Herr Boerner might try to stay in office with the help of the Greens instead.

It is considered certain that the SPD — in what used to be called Red (Socialist) Hesse — will not be able to form a government alone. Opinion polls give it less than 40 per cent of the Hesse vote, with the opposition Christian Democrats (CDU) close to 50 per cent.

However, with his sharp comments on the Greens as a group which "has drawn no lessons from German history" and which has "anti-parliamentary" tendencies, Herr Boerner seems to have closed the door to a possible alliance.

He has not only drawn the wrath of the national leadership of the Greens, who insist they do not want a coalition with the SPD, but has also upset some in the SPD itself.

It is pointed out that since inconclusive elections in the city-state of Hamburg in June, the SPD there has had talks with the local Greens. How, it is asked, does that square with Herr Boerner's tough talk? Are the Greens close to fascism in Hesse but close to the SPD in Hamburg?

Several senior members of the SPD and FDP at national level have stated that although each party will be fighting the other in Hesse, the campaign will not undermine the alliance between the same two parties in Bonn.

But Herr Boerner's criticism of Herr Genscher shows that in practice the separation between national and provincial politics will be hard to maintain.

Much is at stake in Hesse, and emotions will run high. Herr Boerner faces loss of office, the FDP faces parliamentary extinction if it wins less than 5 per cent of the vote, and the CDU stands to win government in the state for the first time.

The Greens already feel confident of drawing more support than the FDP and gaining seats in a sixth provincial parliament.

● Herr Dietrich Genscher (right): under attack from Hesse's Premier for 'lacking political courage'

Irish Attorney-General may have to quit

BY BRENDAN KEENAN IN DUBLIN

THE IRISH Attorney-General, Mr Patrick Connolly, met Mr Charles Haughey, the Prime Minister, last night amid speculation that he might resign over the arrest of a man, allegedly living in his flat, who is charged with two murders.

Mr Connolly went to see Mr Haughey after arriving from New York. The Prime Minister summoned him from holiday as public concern about the affair grew.

Mr Connolly, 53, and unmarried, is a close friend of Mr Haughey and one of Ireland's most eminent lawyers.

The man charged with the murder of a Dublin nurse and a farmer, is 36-year-old Malcolm Edward Daniel McArthur.

As the case is *sub judice*, any action by the government or Mr Connolly could influence the trial.

In 1970, when Mr Haughey and Mr Neil Blaney were accused of taking £100,000 of government money to fund purchase of arms for the IRA in Northern Ireland, Mr Connolly acted as Mr Haughey's junior counsel.

Both Mr Haughey and Mr Blaney were found not guilty of the charges.

The case comes at a politically awkward time for Mr Haughey. He and his government are involved in a campaign of public expenditure cuts, which is creating problems with the public service trade unions.

A meeting between Mr Haughey and the Congress of Trade Unions—the equivalent to Britain's TUC—is being held today. They will discuss the government ban on pay increases in the public sector and the ban on recruitment.

Hopes for Italian Government grow

BY RUPERT CORNWELL IN ROME

SIG GIOVANNI SPADOLINI, the Italian Prime Minister-designate, today begins talks with political and labour leaders amid optimism that a new five-party government can be formed without undue delay.

A way round the deadlock has been provided by a ten-point draft for institutional reform, apparently broadly satisfying the fractious Socialists. It was their walkout from the previous coalition, declaring the country "ungovernable," which provoked its collapse on August 7.

A sign of the new mood was the return from Rome to the Dolomites yesterday of President Sandro Pertini, who had been forced to interrupt his summer holiday, when the crisis broke. The President said he would return to Rome only for the formal swearing in of a government, before returning to the mountains.

Just how far the reforms outlined by Sig Spadolini will be put into practice is not clear. In theory, however, they would correct some of the most glaring inadequacies of the Italian system. The main points are:—

● Increases in the powers of the Prime Minister. He would be entitled to choose his own Ministers, while priority would be given to legislation approved by the whole Cabinet.

● A joint party initiative to curb the use of secret voting, thus reducing the risk of Parliamentary ambushes, which brought down Sig Spadolini's first government.

● *Changes in the provisions* for calling referendums. The idea is to make them more difficult to obtain, probably by raising the number of signatures required from the present 500,000.

● Steps to make magistrates more responsible for their actions. This would be coupled with moves to abolish the right of MPs and senators to be tried for criminal offences, not in the courts but by a special Parliamentary committee of inquiry.

Polish planners expect higher foreign debt

By Leslie Colitt in Warsaw

PLANNERS in Poland expect the military regime's reforms to improve the domestic economy in the next few years, but they believe the country's foreign debt will increase.

Assumptions just published by the National Planning Commission — which will form the basis for a three-year plan until 1985, and a five-year programme up to 1990 —say that Poland's foreign debt in 1985 will probably exceed the current $27bn.

There was a chance, however, that the domestic market would be in balance by then, the supply of goods available being roughly commensurate with disposable income.

The commission's report said that, for the period until 1985, it foresaw average to good conditions for agriculture, a growing impact of the economic reforms, the re-financing of the Polish foreign debt and normalisation of Polish trade with the West.

Industrial output, the commission predicted, would rise by 1985 from 12 to 17 per cent of the 1982 amount, while agricultural production would increase from 6 to 12 per cent and reach the level of 1978 — a record year. Produced national income (the gross national product, minus services) would rise by 11 to 13 per cent to reach 82 to 87 per cent of the "pre-crisis high." Economic projections by previous Polish governments have been criticised by the current leadership as illusory.

The report said industries will be switched toward production oriented to the market and to export, and ties with Comecon are to expand, although the report did not say how the two tendencies could be combined. It said Poland would have to slash grain and fodder imports from 9 per cent of domestic production to 5 per cent in 1990.

Denmark projects large 1983 budget deficit

BY HILARY BARNES IN COPENHAGEN

DENMARK will have a budget deficit in 1983 equivalent to 14 per cent of the gross domestic product, according to the budget proposed by the minority Social Democratic Government yesterday.

Mr Anker Joergensen, the Prime Minister, who failed last week in an attempt to broaden his government by persuading the Radical Party to join it, is holding an urgent round of talks with LO (trade union confederation) leaders and leaders of other parties in the 10-party parliament, to try to find common ground for measures to tackle economic problems.

There is widespread speculation, however, that the yawning differences of opinion between the Right and Centre opposition parties and the Government's Left-wing supporters will lead to the defeat and resignation of the Government during the autumn. It took office last December after a general election.

Mr Knud Heinesen, the Finance Minister, said yesterday that the DKr 74bn (£4.97bn) budget deficit forecast for next year is unacceptably high and must be limited. He said the Government aimed to reduce the deficit by DKr 10bn through cutting expenditure and increasing revenue, but he made no specific proposals on how that was to be done.

On the revenue side, the budget includes DKr 2bn from a planned tax on the incomes from interest of pension funds and similar institutions, which do not pay tax on incomes from capital. But it is very doubtful whether there is a majority in Parliament (now in recess) for this proposal.

Mr Heinesen pledged that budget retrenchment would not be allowed to affect social welfare standards, "which are higher than in any other country." He said wage restraint to improve competitiveness would be a main part of the Government's economic plan.

The budget shows central government revenue rising by 8.6 per cent, to DKr 156.8bn, from that in the budget published last August, and by 12.4 per cent from the latest estimates for 1982. Expenditure is projected to increase by 16.1 per cent to DKr 190.8bn, excluding interest on the national debt.

Plan shortfalls indicate Czechoslovakia's deepening economic malaise

BY PAUL LENDVAI IN VIENNA

THE PLANNED autumn visit to Austria of Dr Gustav Husak, Czechoslovakia's President and party chief, will be the first official visit by a Czechoslovakian head of state to Vienna since the break-up of the Austro-Hungarian empire in 1918. It is seen by both sides as a long overdue signal of a cautious opening to the West.

Recent Czechoslovakian decrees aimed at stimulating the private sector's services and the production of fruit and vegetables, and forthright speeches and newspaper editorials on the disappointing performance of the country's economy are also seen as significant. Czechoslovakia, along with East Germany, still ranks as the most developed of the Eastern Bloc, but *Prague's* newspapers admit that productivity is less than half that of West European countries.

Latest reports about the plan fulfilment in 1981 and the first half of 1982 indicate a deepening economic malaise, prompting growing concern in government that Czechoslovakia may fall even further behind in the European industrial league. This does not mean, however, that the situation is in any sense comparable to the economic crisis in Poland, or Romania.

Czechoslovakia has the lowest per capita hard currency debt within Comecon. Ironically, only a couple of years ago, British Cabinet ministers and exporters were mildly scolding their opposite numbers in Prague for what they called "their Victorian-minded Puritanism as far as foreign borrowing was concerned."

It is little consolation to the Czechoslovakian Government that the economic situation is not as dramatic as elsewhere east of the Elbe. One in five enterprises failed to attain the planned targets in January-June this year and meat production was down by 8.2 per cent on the same period last year. Industrial output was up by only 1.4 per cent as against 1981's growth of 2 per cent and 3.2 per cent in 1980.

It is not just the prospect of zero growth but also the lack of badly needed capital for investment in energy-saving growth industries and the poor morale of workers which cause the biggest headaches for managers and planners.

Czechoslovakia's net hard currency debt for 1981 was $3.4bn (£2bn) or less than half of the Hungarian figure (at $7.2bn) despite 50 per cent more people. But Mr Milos Jakes, the Party Secretary in charge of economic policy, revealed that the entire increase in the country's national income during the current Five-Year Plan (1981-85) will be used to reduce external debts. With no available reserves of capital and *labour a revamping of* management, increasing productivity and the weeding out of inefficient producers are seen to be the only way to economic recovery.

One year after a shake-up in top party and government posts dealing with economic policy, both Mr Jakes and Mr Lubomir Strougal, the Prime Minister, have recently complained about the lack of appreciable results. Though 95 per cent of the projected annual growth of national income (1.9 to 2.5 per cent per annum) during the Five-Year Plan should be achieved through increased productivity, productivity levels in industry during the first quarter of this year fell below the level recorded last year.

Prague's newspapers are full of depressing stories about worker's poor morale and mushrooming petty corruption. According to official figures for the construction and industry sectors, only 70 to 80 per cent of working time is used for work. Prace, the union daily revealed that during the last three years, unjustified absenteeism from work amounted to 1.3m days annually.

It is hardly surprising, therefore, that exports to the Western markets last year fell 2.2 per cent short of the planned targets and during the first six months of 1982, trade with the West was down by 5.6 per cent compared with the same period last year. The planning report blamed discriminatory measures applied by developed capitalist countries.

In the past, however, Czechoslovakian publications have pointed out that only 25 per cent of the industrial products achieved the standard of quality of comparable products on the *world market*. Czechoslovakia's engineering exports dropped between 1965 and 1980 from 2.8 per cent to 1.5 per cent of the world total. Losses due to defective or poor quality export products exceed the equivalent of 2.5 per cent of the annual exports earnings.

A *real turning point* can only be achieved through giving more powers to the enterprises and tangible incentives for engineers and workers. In a recent speech, Mr Strougal vigorously advocated more room for initiative, innovation and what he called "Socialist entrepreneurship." But the much-discussed changes in the system of economic management, introduced a couple of years ago, have so far only scratched the surface of bureaucratic inertia and failed to promote a new economic strategy.

The rise in the standard of living provided the basis for a relative and limited political stabilisation in the last decade following the Warsaw Pact military intervention 14 years ago. With a lower level of debt servicing, a long tradition of craftsmanship and a relatively large number of scientific and research personnel, Czechoslovakia is better placed than most other Comecon countries to cope with the effects of the recession.

Mr Jakes may well be right that even the best of the management systems will fail to be effective without a real change in the working atmosphere. Yet the example of neighbouring Hungary shows that such a change can only come about after the healing of the wounds through meaningful political concessions. Such measures would include the promotion of able managers and experts to replace purely political appointees, the release of political prisoners and limited liberalisation of travel to the West.

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Canberra faces dilemma over today's budget

BY MICHAEL THOMPSON-NOEL IN SYDNEY

TODAY'S Australian budget could prove a make-or-break affair for the Liberal-National Party coalition government of Prime Minister Malcolm Fraser.

With the economy now definitely in recession, belief is growing that it will offer personal tax cuts totalling at least A$1.5bn (£882m) as a possible prelude to a snap general election in the autumn.

On most estimates, the government is likely to adopt a series of stimulatory measures that, in addition to tax cuts and higher family allowances, include increased welfare spending, more job creation and a boost for the badly-hit construction industry.

The total budget deficit for 1982-83 is likely to between $1.8bn to A$2bn, compared with a deficit of A$611m in 1981-82.

But the government faces a dilemma. If it opts for too soft a budget, it will risk damaging its credibility with the international trade and financial communities, particularly in the light of Australia's worsening trade picture and the economy's market reliance on foreign capital inflows.

Alternatively, an inflexible approach to the economy's problems would damage the government's political chances. Although its current term of office runs to the end of next year, the government is thought to be considering a general election on September 18, or in November.

October has been ruled out, because of the Commonwealth games, the visit to Australia by the Queen and a regional meeting of Commonwealth heads of government in Fiji.

An early election, it is said, would help the government capitalise on today's expansionary budget. However, in Canberra yesterday, Mr Fraser said such speculation was "totally ill-informed."

Cabinet ministers sympathetic to an early election face opposition from those who argue that the government's economic strategy so far—tight monetary policy designed to pin down inflation—should not be sacrificed in the interests of an electioneering budget which could backfire.

Yet there is broad agreement on the need for income tax cuts, if only to compensate workers for the ending of tax indexation last July 1.

It is thought likely the budget will unveil personal tax cuts totalling between A$1.5bn and A$2bn, offset by a more broadly based sales tax and by stringent anti-tax avoidance measures. A 3 per cent across-the-board increase in sales tax would raise A$2bn, according to some estimates. This would neatly offset the cut in direct taxation that is widely called for.

The budget comes at a time of increasing inflation (nearly 11 per cent), worsening unemployment, high interest rates, rapidly falling company profits, a worsening balance of trade, and the cancellation or deferment of numerous major resource projects.

The picture over the past six months would have been bleaker but for the unofficial devaluation of the Australian dollar in relation to its U.S. counterpart. By engineering an effective devaluation since the start of the year of almost 9 per cent, the Government has propped up export receipts, while helping to stem the tide of imports.

Politically, the Government's greatest problem is unemployment. The number of unemployed last month was 469,500 or 6.9 per cent seasonally adjusted — a post-war record. On present trends, the rate is expected to reach 8 per cent by early next year.

The employment slump reflects high domestic interest rates, high wage growth and subdued domestic demand. Many top Australian companies have introduced a pay freeze for salaried staff. But their hands are largely tied, at least until there is an upturn in international metal and commodity prices.

As a prelude to the budget, the government sought to lessen industry's mood of depression with a major package of industrial aid announced last month.

Exiles claim 70 Iranian army officers executed

ABOUT 70 Iranian officers have been executed in connection with a plot masterminded by Mr Sadeq Qotbzadeh, the former Iranian Foreign Minister who is now on trial before a military tribunal, exiled Iranians said yesterday.

Quoting a senior army officer involved in the plot who managed to escape to Paris, the Iranians said the officers had been shot by firing squads over the past three weeks.

They said the executed men included Colonel Qassam Hossein, Major Shapur Pazuhandeh and Hossein Naqib-Zadeh.

Officials at Tehran's Evin prison, where Mr Qotbzadeh is being held, told Reuter by telephone that they could neither deny nor confirm the executions.

Mr Qotbzadeh, accused of leading the plot aimed at killing revolutionary leader Ayatollah Ruhollah Khomeini and toppling his clerical regime, went on trial on Saturday.

Iranian journalists covering the trial said the former Foreign Minister was led into court blindfolded yesterday to attend the proceedings.

Iran's national news agency Irna reported that yesterday's session was devoted mainly to Mr Qotbzadeh's answers to the charges against him. Irna said the trial was adjourned until Saturday.

The charges levelled against Mr Qotbzadeh, a former close aide of Ayatollah Khomeini, are the most serious brought against any Iranian official since the 1979 Islamic revolution.

Mr Qotbzadeh has to conduct his own defence since under Iran's rigid Islamic laws, defendants are not allowed to have defence lawyers.

Reuter

Italian section of UN force prepares for Beirut

BY RUPERT CORNWELL IN ROME

THE FINAL preparations were being completed last night for the departure to the Lebanon of the Italian contingent in the UN peace-keeping force which is destined for Beirut, when agreement is reached on the withdrawal of PLO forces.

A Navy ministry spokesman said yesterday that all being well, the three ships carrying 560 troops and their equipment could be at sea bound for the east Mediterranean by mid-morning today.

The three vessels are the troop carriers Caorle and Grado, and the cargo ship Buona Speranza, with a crew of 30 and owned by the Lloyds Triestina company.

The Italian contingent is made up of various units of Bersaglieri infantrymen, plus platoons respectively of para-military Carabinieri and specialist engineers.

Their equipment, mainly personnel carriers, light armoured vehicles and ambulances has been specially painted white to distinguish it better from Israeli and Palestinian armour in the city. It has been carried on a series of special trains from the north to the Port of Brindisi in the southeast, from where the contingent is leaving.

Special units of police and soldiers have been drafted to Brindisi to prevent the extra arrivals creating excessive congestion at the port, which already handles some 3,000 tourists bound for Greece daily.

U.S. 'key' to PLO government in exile

BY FRANCIS MATTHEW IN CAIRO

THE ESTABLISHMENT of a Palestinian government in exile requires clear U.S. recognition of the right of the Palestinians to self-determination, Mr Ahmed el-Dajani, a PLO executive committee member, said yesterday.

In an interview with the weekly Cairo newspaper, Mayo, Mr Dajani said details of how such a government in exile could be set up should be examined. "The idea has been around for about ten years," he said. "Now we need a working group to define clearly how to execute the idea."

The PLO has always refused to form a government in exile because of the difficulties of organising elections. It says a government has to take its mandate from the people it represents in free elections, which would be impossible in the occupied territories and extremely difficult in other countries.

Mr Dajani emphasised that the PLO represents the various parts of the Palestinian people and condemned the U.S. Government's view of the two as unrelated.

Pakistan cautious on India pact

By K. K. Sharma in New Delhi

PAKISTAN'S initial public response to India's proposal for a comprehensive treaty of peace, co-operation and friendship has been cautious. It now seems certain that the process of normalisation of relations between the two countries will be slow.

An official commentary carried in Pakistani newspapers yesterday said that the Indian proposal sought progress too fast for the present state of Indo-Pakistan relations to justify and hence sought what was called a "step-by-step" approach.

This is to be attempted through the Pakistani proposal for a "no war" pact which was renewed by President Zia ul-Haq last year. Talks on this led to the Indian counter-proposal.

The Pakistan Press commentary follows talks between senior officials of the two countries in Islamabad last week, when the two countries exchanged drafts of their respective proposals for normalisation of relations. They agreed to meet again in New Delhi after holding what they said were useful two days of talks in Islamabad.

Indian textile workers held

BOMBAY — Striking textile workers called off a campaign to provoke their own arrest yesterday after about 2,700 of them were detained for violating a ban on demonstrations, the Press Trust of India (PTI) reported.

The workers began to seek their arrest in large numbers to draw attention to their seven-month pay strike which has involved 60 mills, PTI said.

The police released the detained workers after Dr Datta Samant, their leader, announced he was calling off the campaign. He said it had succeeded in focusing government attention on the strike.

The strike, by more than 250,000 workers, seriously affected production and exports.

Reuter

Seoul fraud pair lodge appeal

SEOUL — A money-lending couple in South Korea's multi-million dollar loan scandal appealed yesterday against jail sentences of 15 years each, court officials said.

The couple—Lee Chol-Hi, former deputy head of the Korean Central Intelligence Agency, and his socialite wife Chang Yong-Ja—were found guilty last week of fraud, breach of trust and violation of foreign exchange regulations.

Authorities confiscated more than $1m (£588,000) and 13m Japanese yen (£29,000) recovered from their illicit fortune of nearly $1bn amassed by discounting promissory notes which they held in trust as collateral.

There was a total of 32 defendants in what the prosecution described as the country's largest fraud case in history.

Zimbabwe beer hall killings

HARARE—Five people were killed and eight wounded in a beer hall robbery on Saturday in Zimbabwe's Matabeleland province—scene of a three-week hunt for six foreign hostages and their kidnappers, security officials said yesterday.

About eight gunmen entered the crowded beer hall at Nyamandhlovu township and opened fire with AK-47 rifles and other arms. More shots were fired while money was being taken from the customers, sources said.

AP

No devaluation says Suharto

JAKARTA—President Suharto said yesterday that Indonesia was successfully weathering the world recession, but was faced with serious population problems.

In the annual state-of-the nation speech to parliament, he dismissed the possibility of a currency devaluation, saying it was not necessary and the present managed float of the rupiah would continue.

Reuter

Mubarak to visit Europe

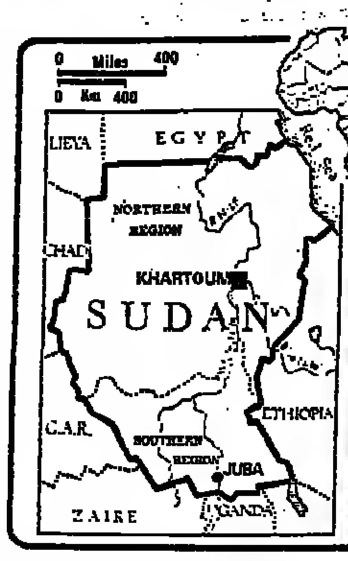
By Our Cairo Correspondent

PRESIDENT Hosni Mubarak of Egypt will visit Spain, Romania and Yugoslavia early next month.

The Egyptian foreign ministry said that his plan to visit Spain was the result of increasing Spanish interest in Middle East problems, and that his visit to Romania was prompted by President Nicolae Ceausescu's constructive role in seeking a solution to the present Middle East crisis.

Rick Wells in Khartoum examines latest moves towards regional autonomy in the s

Impoverished Sudan to be ruled by divisio



President Nimeiri

RECENT CHANGES in the country's southern region have temporarily overshadowed other problems facing Sudan's President Jaafar Nimeiri, now in his 14th year as ruler of Africa's largest country.

For eight months the semi-autonomous region was presided over by an interim government installed by President Nimeiri. This government marked time while a solution was found to the problem that has turned southerners against each other as never before and threatened the stability of the region.

The problem has been whether or not the south, which amounts to more than a third of Sudan's total land mass and has a geography, culture and religion distinct from the north, should be divided into two or more separate self-governing regions now, in the wake of June elections which were fought over this issue. A new government is seated in Juba which is strongly for division. As a further blow for the campaigners of continued unity President Nimeiri sacked Mr Abdel Alier, his southern vice-president, and replaced him with Mr Joseph Lagu, who has been the leader of the cause of division since February last year.

It was initially feared by many southerners that President Nimeiri, who is committed to a policy of decentralisation in the north, would try to divide the south along the same lines disregarding this constitutional procedure. From President Nimeiri's point of view, as with many northern politicians, a policy of "divide and rule" greatly appeals as a way of keeping the troublesome south in check. A divided south would also be less resistant to the desired increase of Islamic influence in the region.

To avoid an impeding crisis in north-south relations, however, President Nimeiri apparently backed down when he cancelled the referendum on the issue that was due to have taken place during the interim period of government. His position since then has been ambiguous. He has stated publicly that "decentralisation" should take place in the south in due course, but within the context of a single region.

Despite President Nimeiri's public withdrawal from the fray, the two sharply opposing camps of unity and division continued their election campaigns in the region. Politicians from the two southernmost provinces of Eastern and Western Equatoria, with Mr Joseph Lagu, led the divisionist campaign and achieved a virtual clean sweep in those provinces.

By forming an alliance with other self-interested individuals and groups, all eager for a share in the new government, they rallied enough votes to push their presidential candidate, Mr James Tembura, to victory. Mr Tembura then formed a cabinet which excluded all opposition from ministerial posts. With a pro-division government now voted in by a majority of southerners, and Mr Joseph Lagu as his closest advisor on southern affairs in the north, the chances of President Nimeiri succeeding in bringing about the required change in status of the region are greatly enhanced.

Mr Lagu, until his recent appointment, has been very vocal in his desire to see the south separated into regions, largely as an attempt to break down the alleged domination of the administration by the Dinkas, the largest tribe numerically in the south. Now that he has replaced his old rival in southern politics, Mr Abdel Alier, a Dinka, as vice-president, and Dinka representation in the new Government has been substantially reduced, Mr Lagu may well temper his views on the subject.

The new southern president, Mr James Tembura, a member of the Zande tribe, is said to be a reasonable and pragmatic politician. It is very unlikely that he will risk inflaming tribal rivalries once more, particularly the Dinkas, by pursuing an immediate course towards division.

One of his first tasks, however, will be to carry out certain measures of decentralisation that will appease the wishes of those supporters of Mr Lagu, particularly the Equatorians who voted him in on the divisionist ticket.

Before that, Mr Tembura has the mammoth task of trying to inject new life into the now totally stagnant administration. He must also adopt a tough line against continued tribalism, corruption, and inefficiency that were a part of previous administrations, and that have left the south so desperately behind the north in its development following the ravages of civil war.

Against this background of unrest in the country's south, President Nimeiri continues to play for time in dealing with the other problems facing his régime.

Following the New Year disturbances, a spate of demonstrations by students in the capital against the Government's economic policies which reverberated throughout the regions leaving an estimated 45 dead, President Nimeiri sacked the entire executive body of the Sudanese Socialist Union (SSU), Sudan's only legal political party. He blamed them for not informing the public of the measures required by the economic austerity programme, launched in October 1981, under pressure from the International Monetary Fund in an attempt to revive Sudan's battered economy.

A show of dissent towards President Nimeiri's policies within the army following the riots led to the sacking of General Abdel Majid Hamid Khalil, his much-respected first Vice-President, Minister of Defence and Commander in Chief of the armed forces, and 22 other senior ranking officers. Since then, the army has remained quiet.

As yet the SSU remains in limbo. The recommendations of the 144-member committee set up to review the structure of the party have been shelved until the SSU national congress is held next February. Meanwhile, a 50-man committee is running the SSU led by Mr Badr el din Suleiman, the former Finance Minister.

With newly elected governors in the five northern regions, the decentralisation process in the north has been further consolidated. The idea of delegating power to the regions came in recognition of the difficulties of governing such a vast and diverse country from Khartoum and a frequently expressed desire by President Nimeiri to hand the reins of power to the people.

More cynical observers, however, see it as yet another way in which President Nimeiri has succeeded in dividing any potential opposition. Further, as the President has himself stated, "decentralisation will only be perfect when the regions depend on their own financial resources." With the country close to bankruptcy this is hardly likely to become a reality in the near future.

The immediate prospects for Sudan's economy are extremely poor. Faced with a total debt of around $4bn (£2.35bn), the country has been kept afloat by its powerful friends, namely the United States and Saudi Arabia, and by the provision of an IMF standby credit of £125m. More tangible "gifts" of wheat from the U.S. and oil from Saudi Arabia have helped to quieten popular discontent over shortages.

President Nimeiri is always unpredictable in coping with the pressures of government, which rest solely upon his shoulders, but his keen aptitude for political survival continues to be a dominant feature of his policies.

AMERICAN NEWS

Reagan admits rift in Republican Party over his tax Bill

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan admitted yesterday that his $100bn (£58.8bn) tax bill had created a "distinct rift" in the Republican Party between the main conservative Centre and the far Right. But he suggested that it was not up to him to heal the breach.

Asked in an interview by the Washington Times how he intended to restore unity and his own leadership, Mr Reagan replied: "They're so far on the wrong side right now that I think maybe it's up to them to restore it with me."

He said that Congressman Jack Kemp, one of the most prominent of the right-wing rebels, was so much of a purist that "he just can't see the difference" between tax reform and tax increases. Most of the tax rebels used to be among Mr Reagan's most ardent supporters.

The President insisted that he still believed in supply-side economics, through a combination of continued spending cuts and a reduction in the percentage which the government takes from the people in taxes. He thought opposition to his bill stemmed mainly from the imminence of congressional elections in November.

He admitted that it was proving difficult to rebuild the coalition of Republicans and conservative Democrats (the so-called "Boll weevils") with the aid of whom he pushed through his tax-cutting programme last year. All the various groups in Congress were divided, he said.

Mr Reagan has gone to extraordinary lengths to rally support for his Bill through personal contacts in the past ten days. At one point Congressman Pat Roberts, a Kansas Republican, promised Mr Reagan his vote if the President could convince his 80-year-old mother. Mrs Ruth Roberts was promptly invited round to the White House for 15 minutes of apparently successful persuasion.

One Republican congressman, subjected to the gentle arm-twisting, described the President as "the best lobbyist in Washington today."

But, according to the latest national Harris poll, 61 per cent of Americans believe Mr Reagan is not doing a good job. He slipped most in the Mid-West and the East. The greatest disapproval continued to come from blacks, Hispanics and trade union members. The rating is nevertheless better than those given to Presidents Jimmy Carter and Gerald Ford at the equivalent points in their terms of office.

Most Canadians dubious over budget benefits

BY VICTOR MACKIE IN OTTAWA

A MAJORITY of Canadians, 66 per cent, do not believe the June 28 Federal budget will strengthen the country's economy, according to the latest Gallup Poll.

Thirteen per cent felt that it would have some effect on strengthening the economy, while 21 per cent were not sure.

Almost half of those polled (47 per cent) believe the budget will hurt their family's financial situation. Only one in 20 feel it will help, while 35 per cent believe it will make no difference.

A surprising result was that 16 per cent of those polled said they were unaware any budget had been introduced.

The results of the poll came as a blow to the Liberal Government. It is counting on the budget to revive the economy and the Liberal Party's fortunes.

Mr Pierre Trudeau, the Prime Minister, and members of his Cabinet are embarking on a national campaign to convince Canadians that they should voluntarily restrict their wage demands to a ceiling of 6 per cent this year and 5 per cent next year to combat inflation, as the budget proposal.

At the same time, the Government hopes to persuade the Canadian community to hold down price increases to 6 per cent this year and 5 per cent next year voluntarily. If this fails there have been strong suggestions that the Government might impose mandatory wage and price controls.

Argentine employers back off price scheme

BY JIMMY BURNS IN BUENOS AIRES

THE ARGENTINE Government's attempts to curb inflation received a serious setback over the weekend when the main employers' federation withdrew its formal backing for a voluntary price controls scheme.

The Government has offered preferential credit terms to companies that agree to the scheme from this month. But the Union Argentina Industrial disagrees with the base level being used to calculate new prices. The federation has accused the Government of underestimating the costs already incurred by companies during the current recession.

In a strongly worded reaction the Secretary of Commerce accused federation members of attempting to destabilise the Government.

The federation's decision comes at a time of growing unrest on the labour front. Three key unions — railways, electricity, and mechanical — have threatened nationwide strikes over the next two weeks unless the Government agrees to salary increases of between 40 per cent and 60 per cent.

If the strikes go ahead, they will be the first major industrial action against the military régime by members of the Peronist-controlled General Confederation of Labour since the 1976 coup.

Americans' spending power declines

By Our U.S. Editor in Washington

THE AVERAGE American family is still getting poorer month by month, losing spending power despite the declining inflation rate, according to reports by Government agencies.

The rising influx of women into the workforce has helped to increase family income, but not enough to keep pace with price rises.

The Labour Department said that in June, earnings adjusted for inflation were down 3.1 per cent from the same month last year. The underlying trend, however, appears to be somewhat brighter.

The latest report from the Census Bureau said that real family income went down by 3.3 per cent last year and by as much as 5.5 per cent in 1980. Food stamps and subsidised housing and health benefits are not included in the calculations.

Government researchers pinpointed two major factors that have influenced the composition of the workforce: the post-war baby boom between 1946 and 1965 and the rise in the divorce rate.

A disproportionately large baby boom generation was now entering the work force in increasing numbers. Its members tended to earn less and their lack of experience tended to lower productivity, the report said.

Divorce had led to a dramatic increase in the number of households maintained by women with no husband present during the 1970s. Such families tended to have considerably lower incomes than married couples, according to researchers.

Nationalisation for Grenada's power company

By Tony Cozier in Bridgetown

THE Grenada Government has bought out the Commonwealth Development Corporation's 49 per cent shareholding in Grenada Electricity Services, the island's sole power company, putting it under complete state control.

The general manager of the company, Mr Winston Bullen, said negotiations had been concluded about six weeks ago and that the price paid was considerably less than the book value.

The Government has been at loggerheads with the company over the running of the company for some time and Mr Maurice Bishop, the Prime Minister, said the takeover was necessary to prevent what he termed "economic sabotage."

The company, then managed by the CDC, applied for an increase in rates in August, 1980, which was refused by the Government.

Mr Bullen said the company would now undertake a major expansion programme with a soft loan of U.S.$2.2m (£1.29m) provided by the European Investment Bank.

The takeover is in keeping with the strongly socialist policies of the Grenada Government, which came to power in March 1979 by a military coup which overthrew the administration of former Prime Minister Sir Eric Gairy.

WORLD TRADE NEWS

Japan-China trade ties take turn for worse

BY RICHARD HANSON IN TOKYO

JAPAN-CHINA trade relations are taking a turn for the worse because of a dramatic shift in the balance of two-way trade towards China's favour.

There is some fear among businessmen that business ties could deteriorate further now that the controversy over re-writing of Japanese high-school history textbooks has flared into a major bilateral diplomatic problem.

China, with South Korea and others, has protested strongly at changes made by Japan's Ministry of Education in history book accounts of Japan's behaviour before and during World War II.

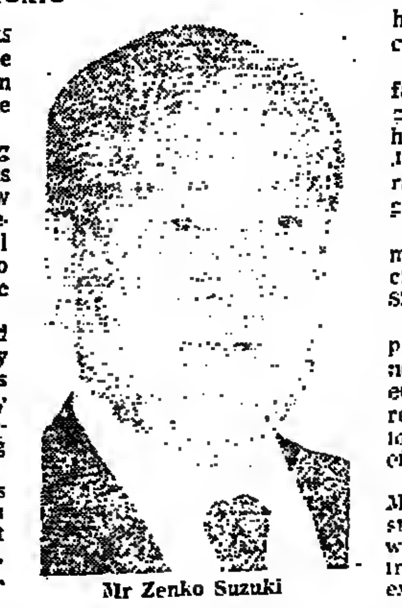
The Japanese government is attempting to solve the problem before a scheduled official visit to China by Mr Zenko Suzuki, the Japanese Prime Minister, late in September.

From the point of view of trade ties the textbook problem could not have come at a worse time. Several days before Mr Suzuki arrives in China, a top level government and private-sector mission from Tokyo is due to meet Chinese officials to discuss trade issues.

Chief among the problems Japan will take up is the increasingly lopsided nature of bilateral trade.

After near-equilibrium last year, China ran up a surplus in trade with Japan of about $1bn (£588m) in the first six months of this year.

As shipments under contracts for plant and equipment dried up, Japan's exports dropped 37.1 per cent (to $1.756bn)



Mr Zenko Suzuki

from the level of those of the first half of 1981.

On the other hand, China's exports to Japan rose 14.1 per cent to $2.7bn.

Bilateral trade in 1981 totalled a record $10.4bn, with China's surplus a small $200m. Bilateral trade for the whole of this year will probably fall for the first time since the two sides concluded a long-term trade arrangement in February 1978.

Trade with China began to shift last year after companies completed exports of plant under agreements reached before China shifted economic gear dramatically three years ago. These include equipment for a huge steel plant, several petrochemical plants and others.

Adding to the problem is the fact that China's imports in general have since turned heavily towards items which Japan does not produce, such as raw materials and agricultural goods.

The long-term trade agreement, signed in 1978, was expected to cover a total of $20bn in trade from 1978-1985.

Japan was to be a supplier of plant and equipment, and technology, while China provided an equal amount of oil and coal in return. China has not been able to carry through fully either half of its side of the agreement.

The high-level mission, led by Mr Toshiwo Doko, the senior statesman of Japan's business world, will review the long-term trade agreement, which vaguely extends to 1990.

Japan wants China to put greater efforts into buying Japanese technology and plant, and at the same time give assurances on the amount of coal it will supply to Japan.

Japanese traders are worried that nation-wide campaigns being launched in China critical of Japan's handling of the textbook affair could hurt Japanese exports even more if continued for long.

The controversy arose after it became known that Japan's Ministry of Education had ordered revisions in certain textbook accounts describing events during the capture of Nanking and Japan's "advance" into Chinese territory during World War II.

Canadian Minister warns car industry on competitiveness

BY VICTOR MACKIE IN OTTAWA

CANADIAN automobile makers will reap long-term gains from Japan's commitment to curb car exports to Canada only if they produce a vehicle competitive with Japanese models, Mr Ed Lumley, Canada's Minister of International Trade, said in Ottawa.

"The final determination of what will happen again in the industry will be decided ultimately by the consumer in Canada," Mr Lumley said.

"The industry will have to produce a vehicle that is competitive in quality and service, at a price the consumer deems appropriate, for him to want to purchase."

The agreement, reducing Japanese car exports this year to Canada would help the domestic industry restructure itself by holding Japan's share of the Canadian market at 20 per cent, Mr Lumley went on.

The Japanese share of the market had been only 8 per cent in the mid-1970s but reached 23 per cent last year despite a one year curb which held imports to 174,000 cars to the end of March 1982.

Japan agreed to reduce imports to 153,000 this year after the Canadian Government introduced new customs inspections in April to discourage imports.

Mr Lumley said that Japan's share of the Canadian market would have jumped to more than 30 per cent this year without such an agreement.

He described the Japanese agreement to start talks on increasing Canadian contents in car imports as a "milestone" for Canada, although it would take years to complete a deal.

Israel diamond exports fall

BY L. DANIEL IN TEL AVIV

ISRAELI exports of polished diamonds reached a value of $93m (£54m) in July, bringing the total for the first seven months of this year to $544m—22.3 per cent less than in the same period of 1981.

On a carat basis, exports came to 898,503 against 1,144,618 carats earlier—a decline of 12.8 per cent.

The discrepancy between value and volume reflects the change to smaller and cheaper stones, which are now more in demand.

Imports in January/July this year came to $217.7m—down 18.9 per cent in value, but only 7.6 per cent smaller in carat terms.

The U.S. remains Israel's leading export market, having taken 35 per cent of total exports, followed by Hong Kong with 15 per cent.

Cheap imports are damaging a key industry, writes Michael Thompson-Noel in Sydney

Good life is over for Australian steel

TO A DEGREE that astonishes most outsiders, Australians are conditioned to expect the good life—hence their current indignation at the country's rising unemployment. Hence, too, their mood of puzzlement at the sight of Broken Hill Proprietary (BHP), Australia's largest company and biggest industrial employer, standing before the Industries Assistance Commission (IAC) in Melbourne, virtually cap-in-hand, asking for help.

BHP, together with its wholly-owned subsidiary, John Lysaght Australia, has gone to the Commission to give evidence to an inquiry into the need for long-term assistance for the Australian steel industry, of which BHP enjoys monopoly control. The IAC inquiry is in addition to a recent hearing before the Temporary Assistance Authority (TAA) in Canberra, which investigated calls for immediate help for BHP to counter alleged dumping of cheap steel imports by Japan and Korea.

That the BHP's steel division is in trouble is not at all in doubt. What is disputed is whether the Big Australian deserves help.

The scale of the problem became clear last month, when BHP announced a 55.3 per cent slump in group profit for the year to May 31, from A$491.3m (£283m) to A$364.5m (£212m). Almost all the trouble was caused by the plunge in earnings of its steel division, where a profit of A$105.6m in 1980-81 was converted into a loss of A$13.6m, the division's first loss in 50 years.

In the words of Mr Brian Loton, BHP's managing director: "We are seeing an onslaught on our market like we have never seen before." He admitted that the steel division had performed inadequately, but he claimed that costs in Australia could no longer be borne—at least, not in the face of dumping by importers.

Unprotected

At this point, the plot thickens, for "dumping," like beauty, is in the eye of the beholder. However, it is a curious fact that the Australian steel industry is not only small (around 6m7m tonnes of raw steel equivalent) but virtually unprotected—most imported steel products being subject to a minimal tariff of 10 per cent. Further, South Korea and Brazil pay no tariffs at all.

In its hearing before the Temporary Assistance Authority, BHP said it was asking for quota restrictions on the importation of most flat steel products, limiting imports to between 10 and 15 per cent of Australian sales. It based its case on projected imports for 1982 of 840,000 tonnes of flat steel products in the range covered by the inquiry.

BHP said these imports would amount to 1.1m ingot tonnes in raw steel equivalent, representing an import growth on 1981 tonnages of 55 per cent. This would afford imports a market share of 30 per cent of Australia's total steelmaking capacity.

Most countries with integrated steel industries, BHP told the Authority, feather-bedded them with extravagant support, from tariffs to quotas to low-cost finance, whereas the Australian steel industry received only "minimal assistance, the present steel tariffs having virtually no effect as an import control measure."

In recent days, BHP has built upon its case in hearings before the IAC. In the four years to 1981-82, Mr Loton told the Commission, steel production costs had grown 80.7 per cent to A$387.44 a tonne, whereas steel prices had risen 53 per cent over the same period. BHP's capital investment in steel had cost A$840m—A$356m of it aimed at boosting productivity, though it had achieved no improvement in productivity, mainly because of labour troubles.

Mr Loton said the steel workforce had been reduced by 2,500 last year, and that another 2,500 would go this year. The cuts to date had been on crude steel that could not be sold overseas, whereas BHP was now cutting back on steel that could not be sold in Australia. Forward orders at June 30 this year were for 316,682 tonnes, against 454,467 tonnes six months earlier (from customers not associated with BHP). And the group was now making immediate plans to cut steel investment.

The point, BHP wished to stress, said Mr Loton, was "that the future of the Australian steel industry is very much at issue . . . without major investment, the industry can only wither."

In addition to being guaranteed at least 85 per cent of the Australian market, BHP also wants help on another front: the immediate writing-off of capital investment in the year in which it is spent, and consolidated tax returns.

According to BHP: "The case for consolidated tax returns was well set out in the report of the Committee of Inquiry into the Australian Financial System, and we would argue that legislation in the lines proposed by the Campbell Committee be implemented as soon as possible."

Investment

BHP says, however, that, even if granted the full package, it cannot guarantee its future levels of steel investment. This was a point asked of Mr Loton by Mr W. A. McKinnon, the chairman of the IAC Inquiry, who said that even if BHP got "the full box and dice, you are not saying to us that there will be an integrated steel industry in the future." Mr Loton replied: "True."

In Australia, opponents of BHP's call for higher levels of protection include some of the local car-making companies, major local white goods manufacturers, energy interests, and the state governments of Western Australia and New South Wales, together with their respective electricity authorities. The institutional objectors include the Japan Iron and Steel Exporters' Association, which has called BHP's request "deplorable," the Korean Iron and Steel Association, and the Australian Independent Steel Association (Aisa).

Most of the Big Australian's opponents are convinced that increased levels of protection will lead to higher domestic steel prices and subsidise what they see as BHP's lack of efficiency, while the Japanese claim they have been exporting hot rolled strip, sheet and plate steel products to Australia on a regular and stable basis for many years.

BHP's most outspoken critic has been the Aisa, which in a recent series of newspaper advertisements claimed that "the Big Australian wants to be the only Australian." The Association fears that up to 600,000 jobs in steel-using industries could be at risk if BHP gets its way.

Despite the strength of their objections, BHP's opponents are likely to be defeated. Further job losses are something the Government could do without—given that it accepts that the threat of lost jobs at BHP outweighs the threat of jobs lost elsewhere because of higher projection for steel.

For this reason, the Government is expected to announce this week that it is permitting short-term measures to help lower steel imports and to try to shield BHP's steel division from further debilitating losses. However, what attitude the IAC will adopt to the longer-term health of the Australian steel industry is anybody's guess.

For the more hard line members of the cabinet increased protection for Australian steel will be greatly unwelcome.

On the other hand, BHP says it needs help, and needs it fast.

Tide of recession sweeps over Brazil's grand economic strategy

BY ANDREW WHITLEY, OUR BRAZIL CORRESPONDENT

ACTING ALMOST like some latter-day Canute, for many months Brazil successfully defied the tides of international recession, and its ugly sister protectionism, with an export performance which amazed all outsiders.

The performance was achieved against the background of a severe domestic recession, part government-induced, part in response to falling demand. But the Government could claim, with justification, that the industrial "shake-out" was a necessary price to pay for the tighter, more controlled and more directed economy it was working towards.

Last year went well on the whole, particularly on the foreign trade and loans side. But the recently released half-year statistics and indicators for 1982 are virtually all considerably worse than the Planning Ministry was hoping for. What is worse, they cast considerable doubt on the grand strategy adopted by the "dynamic duo," Sr Antonio Delfim Neto at the Planning Ministry and Sr Carlos Langoni at the Central Bank.

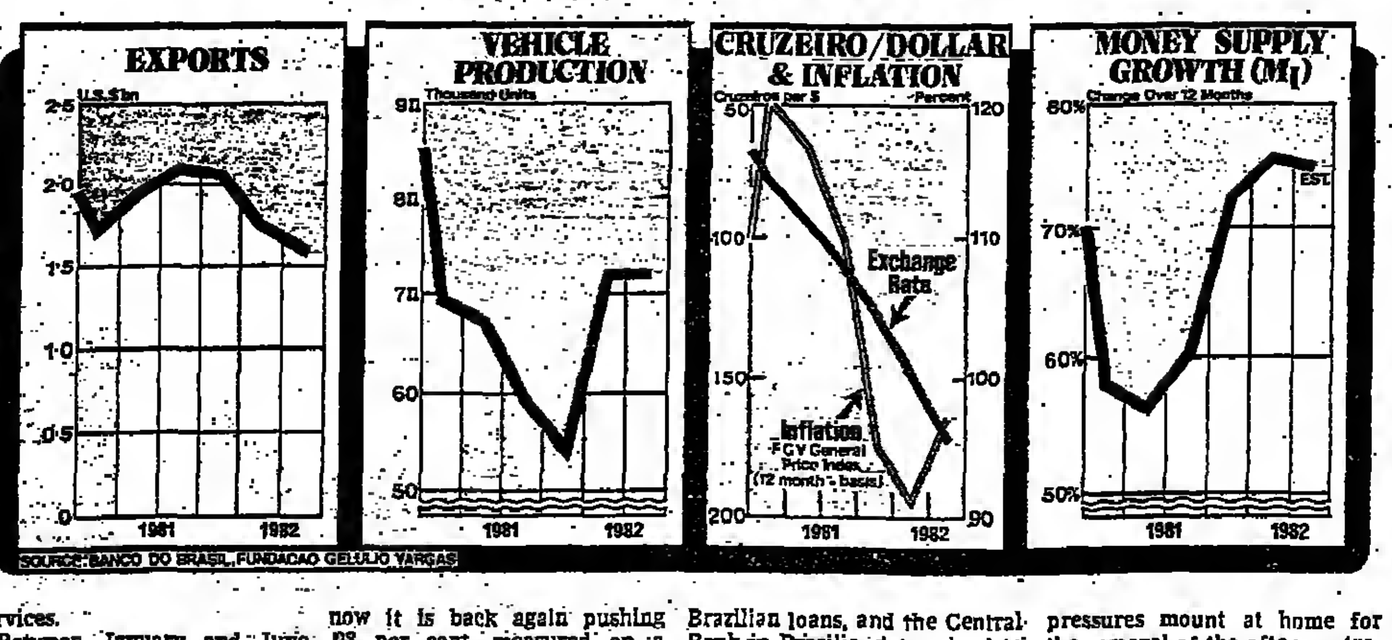
The central planks of Brazil's crisis recovery plan, as presented to countless meetings of foreign bankers and investors over the past 18 months, were (a) control over domestic inflation, (b) the reduction of the current account deficit through export-led trade surpluses, (c) the redirection of state resources away from inefficient subsidies into the priority areas of agriculture and export industries, and (d) the placing of a tourniquet on the runaway budgets of Brazil's state behemoths.

The realisation now perhaps dawning on officials in Brasilia is that they have tried to do too much at once. Bringing the money supply under control has not proved an easy task; tightening the screws further would undoubtedly tip many companies over the edge into bankruptcy. As it is there is growing evidence that it is the weakness of many companies as much as the more familiar factors—an overvalued cruzeiro, growing protectionism abroad and so on—which is now hampering Brazil's export performance.

Where the Delfim-Langoni plans are going badly awry is in the anti-inflation and export areas. Prices rose by 8 per cent in June — the highest monthly jump for nearly two years — raising the spectre of a return to triple digit inflation by the end of the year. The difference this time is that "stagflation" is a serious prospect unless domestic interest rates come down sharply and industry can once again start to grow.

Abroad, the worldwide waves of recession Brazil fought against in 1980 and 1981 have finally caught up with the country's exporters. After recording increases averaging nearly 17 per cent a year between 1974 and 1981, exports collapsed by 9 per cent in value in the six months to July.

Officials blame ever fiercer protectionism in western industrial markets and the continuing weakness of commodity prices. Other once promising markets in countries such as Nigeria and Iraq have been having their own payment problems, slowing down their ability to absorb Brazilian goods and services.



SOURCE: BANCO DO BRASIL, FUNDACAO GELULIO VARGAS

Between January and June Brazil recorded a small trade surplus of $255m—and thus kept alive the prospect of ending the year in the black—against an official forecast for the year of a $3bn surplus. But this achievement was only possible because imports fell at an even faster rate than exports, particularly in key areas such as chemicals, reflecting the depressed state of the internal economy.

Exceptional factors were responsible for much of June's jump in prices, but the worrying fact for the Government is that after a year of steady declines the trend is once again upwards. After a peak of 120 per cent in April last year inflation declined 91 per cent in May: now it is back again pushing 98 per cent, measured on a 12-month basis.

To index-linked Brazilian wage-earners and investors the difference in pain is marginal. The same applies, in effect, to the growing army of unemployed. But the blow to the credibility of the Government's plans, particularly towards those foreign creditors being asked to raise their stake in Brazil Inc., is painful.

The ever-cautious bankers are already a little scared: the vital inflow of foreign borrowings has slowed down over the past few months, while the cost to Brazil of borrowing abroad is edging upwards. An unspoken tug-of-war is taking place between the Euromarkets, trying to shorten the terms on Brazilian loans, and the Central Bank in Brasilia, determined to hang on to its maturities of eight years or more.

The Central Bank Governor had staked his reputation as an inflation specialist on the pledge that the upward spiral was at an end, the climate of expectations had changed and that while the drop could not be dramatic price rises would nevetheless be down to a much more managable level, in the 60 to 70 per cent range, by next year.

The acute dilemma for Sr Langoni and the rest of the economic ministers in Brasilia is that a sharp change of tack—perhaps reverting to the previous hyper-stimulated economy—would lead to a collapse in foreign confidence. While pressures mount at home for the removal of the often controversial Sr Delfim Neto from his economic overlordship, foreign bankers see no alternative figure or policy on the horizon. Like it or not, Brazil is dependent on the opinions of Wall Street and the City if it is to continue to service its medium and long-term debt of some $65bn.

In contrast with two years ago, there is virtually no doubt Brazil will be able to raise the gross amount of foreign exchange it needs this year, likely to be in the $17bn to $19bn range depending on the final trade performance. But any hopes Sr Langoni may still have had of bringing down the size of the debt mountain, in real terms, must have been dashed by this year's reversals.

A private Planning Ministry study now circulating to a restricted group of senior officials forecasts a gross foreign debt (excluding short-term money, rolled over automatically but adding to the interest burden) of $102bn by the end of 1985. Borrowing requirements will increase at a rate faster than forecast world inflation in the coming years.

Officials resolutely dismiss any question of rescheduling. But the increasingly alarming size of Brazil's debt servicing requirement—partly because of the way world interest rates have stayed stuck at such high levels—has prompted fresh calls for such a step from some eminent Brazilian commentators.

After a gruelling 1981—the worst recession for over 20 years—Brazil's industrial barons were hopeful that this year would see some lifting of the gloom. High interest rates, left free by the Central Bank so as not to discourage borrowing abroad, are chiefly to blame and have shown no signs of significant downward movement in recent months.

In the second quarter of this year, the first signs of a mild recovery appeared, particularly in the very badly hit vehicles sector. But the revival has so far been much weaker than the Government had forecast

In the face of these setbacks Sr Delfim continues to resist the pressures to reflate. Only minor policy adjustments have been made in recent months, to iron out what are officially regarded as temporary or technical problems.

One such adjustment has been designed to counter the widening gap between domestic inflation and the devaluation rate: in the first half of the year prices rose by 46 per cent, while the cruzeiro was devalued against the U.S. dollar, to which it is unofficially linked, by only 35 per cent.

In recent weeks it has become apparent that the "crawling peg" approach to devaluation has instead become an "overtaking peg" designed to reduce the gap. No change has been announced, but the alterations in the exchange rate are coming at more frequent intervals—every week or eight days—and tend to be slightly larger than before.

Despite the move there is once again talk in the air that a "maxi" devaluation may be needed to restore Brazil's export competitiveness. A continuing problem has been the strength of the dollar: devaluation against the Japanese yen for example has been only 15 per cent this year, causing severe problems for exporters such as Companhia Vale do Rio Doce, the state iron ore giant.

Brazil may well have reached the point where all the short-term expedients adopted by the Figueiredo Government to help the economy through what everyone knew would be a difficult, transitory phase start to produce diminishing returns.

But President Figueiredo appears to have been convinced by his economic advisers' arguments that there is little to be done in the short term to alleviate the problem or restore a false sense of prosperity to Brazilians without undoing all the hard work of recent years.

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UK NEWS

Thatcherite attacks Prior for call to aid industry

BY PETER RIDDELL, POLITICAL EDITOR

MR JAMES PRIOR, the Northern Ireland Secretary, came under fire yesterday from a prominent Thatcherite back-bencher for his weekend remarks urging Government action to boost industry's confidence.

There were all the signs yesterday that Mr Prior's warning about the economy and long-term unemployment marked the beginning of a lively debate in the next three months, both within the Cabinet and on the back benches.

Sir William Clark, chairman of the Conservative back-bench Finance Committee and a leading supporter of the present economic strategy, said Mr Prior was "barking up the wrong tree and was extremely unhelpful."

Mr Prior was in a minority position in the party in saying that more money should be put into the economy, he said. "The overwhelming majority of the Conservative Party is in agreement with the present economic strategy of the Government."

Any argument critical of the Government, such as Mr Prior's comments, must aid the Opposition. Sir William said: "In one breath" Mr Prior did not want reflation, but in another urged spending "more on that." Taxpayers would have to find the money.

These comments reflect the views of a sizeable group of Tory back-benchers, but a significant number agree with Mr Prior. Their views are likely to be put in a number of speeches in the coming weeks.

While Mr Prior said he was astonished that Mrs Thatcher retained him in the Cabinet, the answer is, as he implied, that she believes he might be more dangerous to her on the back benches, as leader of the critics.

In the code language of the Tory Party Mr Prior was careful to avoid too open a split, by stressing that he rejected general reflation, though calling for specific help for industry.

Opposition speakers gleefully seized on Mr Prior's comments. Mr Gerald Kaufman, Shadow Environment Secretary, said that Mr Prior spoke for a number of ministers trying to get a change of policy. These changes would not meet what Labour was looking for, but they were a step in the right direction.

Mr Jack Straw, an Opposition Treasury spokesman, referred to what Mr Prior said about the economy as a slap in the face for the Brittan-Howe view that there was evidence of recovery all round.

"Mr Prior's statement confirms the Labour Party analysis of what is wrong with the economy — a collapse in demand. What we want to see from Mr Prior is rather more action and rather less hand-wringing."

Mr Giles Radice, an Opposition employment spokesman, said in a statement to his local Labour Party: "The harsh reality is that we are on the edge of economic, industrial, and social collapse.

"Without an early change in policies it will become more and more difficult to bring about a lasting recovery."

Reflecting Labour's desire to emphasise its closeness to CBI views, Mr Radice stressed the growing consensus of opinion that there must be an investment-led stimulus to the economy.

Statement on Howden Group audit due today

By John Moore, City Correspondent

THE INITIAL findings of a controversial and wide-ranging audit into the affairs of Alexander Howden Group, the UK insurance broker, will be announced today by Alexander & Alexander Services, the U.S. insurance broker, which acquired the firm earlier this year.

The audit, described as a "fair value audit," has caused an unprecedented amount of speculation and rumour in London and U.S. insurance markets.

The U.S. group has asked auditors Deloitte, Haskins and Sells to probe the accounting practices and businesses of Alexander Howden before its £150m takeover of the firm earlier this year.

It is said to be designed to establish what is real value and what is goodwill within the UK group.

Roger Van Doninck, speaking at The audit is examining whether Alexander Howden insurance companies will need further injections of capital to bolster their reserves following expensive reinsurance claims made against the companies by other Howden insurance interests.

Howden insurance companies reinsure a major part of the portfolio of insurance business of the Lloyd's underwriting syndicate number 127, formed of more than 3,300 members, which is part of the Howden empire. The auditors are also examining the labyrinthine structure of the Howden subsidiary companies. More than 200 subsidiaries within the Howden empire have established extensive trading links with each other and the auditors are examining the contractural relationships as well as the shareholding links between Howden and other companies.

Lloyd's officials are understood to be monitoring the situation closely. It has already caused concern among numerous underwriting agents who have introduced members of Lloyd's to Howden syndicates. When it announces its Howden findings today, Alexander & Alexander will also reveal its results for the first half of its financial year.

In New York the U.S. group, which had been expected to make its announcement yesterday, said the statement had been delayed.

Oil revenues likely to be higher than official forecast, says study

BY RICHARD JOHNS

GOVERNMENT oil revenues are likely to be £1bn to £2bn higher in this financial year than officially forecast and £2bn to £5bn more in 1983-84, according to a study by stockbrokers Scott Goff Hancock.

Another appraisal in the latest edition of the Midland Bank Review reaches a broadly similar conclusion about the pessimistic assumptions underlying Treasury projections. The article concludes that pre-budgetary forecasts could be exceeded by 20 to 40 per cent.

Even under the worst conditions envisaged in Scott Goff Hancock's computerised study, government revenue would be just more than £7bn in 1982-1983 and almost £8bn in 1983-1984. Such an outcome would be on the basis of the North Sea oil price remaining at $33.50 and the sterling exchange rate rising to $2.

That would compare with revenue of £6.2bn and £6.1bn for the two years respectively projected in the Treasury's Financial and Statement and Budget Report. The actual outturn for 1981-82 was £6.4bn.

The stockbrokers' study emphasises the "accelerating affect" on government revenues as oil prices rise or the sterling exchange rate falls against the dollar because of the very large off-sets available to companies in the early part of the life of a field. "The higher the government revenue figure in 1982-83, the faster it is likely to grow in 1983-84, provided that there is no fall in oil prices or rise in the exchange rate in 1983-84 in the meantime."

It points out that both the exchange rate and the price of oil have moved favourably as far as revenues are concerned. Also Scott Goff Hancock believes official assumptions about production to have been "very pessimistic," while official estimates relating to exploration spending and development to have been on the high side.

Treasury forecasts are based on an output of 90-105m tonnes in calendar 1982 (1.8-2.1m barrels a day), 90-115m tonnes (1.8m-2.3m b/d) in 1983, and 95-125m tonnes (1.9-2.5m b/d) in 1984. Actual output in the first six months of this year was 49.39m tonnes (equivalent to nearly 2m b/d over a full year).

Scott Goff and Hancock have assumed 2.1m b/d for 1982-3 rising to 2.25m b/d in 1983-4 and 2.5m b/d in 1984-5.

Midland Bank Review's "optimistic scenario" foresees government revenue of £7.4bn in 1982-3 and £10.3bn in 1983-4 described as an outlook "gleaned with assumptions which are far from outrageous representing little more than the upper limits of informed current projections."

Its "pessimistic scenario" projected £6.1bn in 1982-3 and £6.2bn in 1983-4, more or less in line with the Treasury figures. It is based on a dollar price for North Sea oil of $31.50 (used on government forecasts but compared with the $33.50 in force since June), an appreciation in sterling of 2 per cent annually from a 1982 average of $1.86, output levels close to the bottom of the Government's range, and no change in tax take.

Exchange rate ($US to £)	North Sea oil price assumption ($ per barrel)	Government revenue 1982-83	(£bn) 1983-84
2.00	33.50	7.1	8.0
1.90	33.50	7.3	8.6
1.80	33.50	7.6	9.2
1.75	33.50	7.8	9.5
1.70	33.50	8.0	9.9
1.60	33.50	8.4	10.7
1.50	33.50	8.8	11.5

Source: Scott Goff Hancock

Intention to sell state airline is reaffirmed

By Lynton McLain

THE GOVERNMENT reaffirmed its intention yesterday to offer British Airways for sale by the end of next year.

British Airways said that its latest plan for a total staff of 35,000 by March 31 next year, a cut of 7,000 staff, announced last month was the optimum figure needed to maintain the existing network of routes and air services.

Sir John King, the chairman of the airline said yesterday that suggestions that further redundancies were being considered were wrong.

He said: "The current target of 35,000 jobs by March was still the plan and was based on assumptions of nil growth in the airline business. We have no thoughts about going beyond this."

Mr Iain Sproat, the Parliamentary Under Secretary for Trade responsible for civil aviation, has set himself a personal target date of September 15 1983 for the offer of British Airways for sale to the public. This is two years to the day he was given the job by Mrs Thatcher and although it is a personal target, he is adamant about selling as much of BA as possible as soon as possible and certainly by the end of the year, the Trade Department said.

This is inspite of forecast total losses by the state-owned airline of about £250m for the past financial year. The figure includes £128m for payments for the 9,000 staff who have taken voluntary redundancy since last autumn, over £100m in interest payments and an operating loss of at least £10m.

The BA annual report for 1981-82 is not expected to be published until early October, making BA the last of the nationalised industries to report. Part of the delay has been caused by the insistence by Mr Gordon Dunlop, the recently appointed finance director of going through the accounts with a fine toothcomb.

In particular, he is seeking tighter control of discounting, airline ticket sales. These sales account for an estimated 70 per cent of all ticket sales in the airline, but sales figures often take as long as six months to emerge after a sale and the wish to take account of all discount sales for 1981-1982 has further delayed the report and accounts.

BSC 'in California steel buy-out talks'

BY LOUISE KEHOE IN SAN FRANCISCO

NEGOTIATIONS are said to be going on between British Steel Corporation and a group of steel workers in California with a view to financing an employees' buy-out of Kaiser Steel, a steel production and processing company at Fontana.

Both Kaiser Steel and legal advisers to the Kaiser Employees' Stock Ownership Plan confirmed that negotiations with British Steel were under way, though in London British Steel denied that it was negotiating either with Kaiser Steel or with the employees.

The worker buy-out plan at Kaiser Steel was proposed in December after an announcement by the company that it intended to speed plans to shut steel production at Fontana.

Although Kaiser Steel rejected the employees' proposal, the trade union representing the employees, the United Steelworkers of America, has gone ahead with plans to finance a buy-out.

Workers have been asked to make individual contributions, and the union wants further outside financial assistance.

"Some preliminary discussions have taken place concerning British Steel offering financial support for an employee buy-out of Kaiser Steel," said a spokesman for the company.

British Steel had made no formal proposals, he added. "Kaiser Steel has expressed serious reservations about such an arrangement to both British Steel and United Steelworkers' Union."

Reports in the U.S. say British Steel plans to finance the worker buy-out, shut steel production at Fontana and supply slabs of British-made semi-finished steel to be further processed at the Kaiser steel-finishing plant.

Representatives of the union in Fontana were not available for comment.

Ian Rodgers writes: British Steel won a £10m contract early this year to supply Kaiser's Fontana works with 75,000 tonnes of steel slab. The contract is due to be completed by the end of the year and the corporation is eagerly seeking more business from Kaiser.

Switch at Powell Duffryn

ABOUT 100 jobs will be lost in a refuse disposal vehicles reorganisation by the Powell Duffryn group.

Next year the group will launch in the UK the Mammoth range of vehicles, built in Holland by Geesink, a Powell Duffryn subsidiary.

Another subsidiary making refuse disposal equipment is Powell Duffryn Engineering, of Llantrisant, South Wales. The activities of this and the Dutch operation are to be brought together.

Production of static compactors and refuse transfer stations will be phased out—hence the job losses.

£21m Saudi deal

LANCASHIRE-BASED Ames Crosta Babcock has won a £21m order from Saudi Arabia for equipment to turn effluent into usable water.

The turnkey project for the Water and Sewerage Department in the western region of the country will produce water suitable for irrigation and a number of industrial and domestic purposes, but not for human consumption.

The process plant will produce some 30,000 cubic meters of water a day and involves a process of reverse osmosis which will filter the water from the rest of the effluent.

Drilling project

THE Financial Times yesterday carried a report on the front page headlined: Elf and Total set for £1.7bn drilling project. This headline was inaccurate. As the report below correctly stated, the £1.7bn figure refers to the total cost of developing the North Alwyn field in the North Sea — a project to which Elf and Total are now putting the finishing touches. The drilling programme the two are proposing is for the South Alwyn reservoir.

British Standards code covers offshore building

BY MARK WEBSTER

THE British Standards Institution has published its first code for construction of offshore facilities, which may have far-reaching implications for the oil and gas industry.

There was widespread consultation with the companies concerned after publication of a draft for development on the same subject, which attracted an enthusiastic response, the institution said yesterday.

Some suggestions in the new code are made in the light of such disasters as the capsizing of the Alexander Kielland oil rig in the North Sea in 1980.

Though primarily aimed at fixed structures, the code will apply to a much wider range of offshore building.

It is intended for use by or under close supervision of an experienced engineer, but is not so much a textbook as a guide to certain features of the industry.

Recent developments have influenced recommendations, particularly on welding of steel in a relatively new field, of engineering.

The code has ten sections, beginning with an outline of fundamental investigatory and preparatory work on meteorology and oceanography, loading conditions and site investigation.

The information was collected in the seas round Great Britain and Ireland, with international collaboration, and should be a guide for gathering data elsewhere.

The code details tests needed to determine the characteristics of the sea bed and sea bed materials as they would affect building of a fixed offshore structure.

The institution says that a code of practice in an area of such rapid change is doomed to obsolescence, and should be regularly updated.

"BS 6235: from BSI sales department, 101 Pentonville Road, London N1 9ND; £24.

Receivers find buyer for luggage maker

By James McDonald

THE BUSINESS of Spartan Luggage Company which was put into receivership last January has been sold following rationalisation of its production facilities, the joint receivers said yesterday.

The sale, for a undisclosed sum, was to a nominee company called Teakspire.

It secures the jobs of about 100 employees of Spartan Luggage, which is based in Tibshelf, Derbyshire, an area of high unemployment, said Mr Stanley Samwell and Mr Stephen Adamson of the receivers, of Arthur Young McClelland Moores and Company.

Mr Samwell said last night he would not reveal the name of the buyer behind Teakspire, "an off-the-shelf nominee company." The buyer was not another luggage manufacturer but a group diversifying.

Factory's three-day week hits Cumbernauld jobs

CUMBERNAULD New Town, near Glasgow, suffered another jobs setback yesterday when JLG Industries, for some years seen as one of the area's greatest industrial success stories, announced a three-day week at the end of August.

The company which makes self-propelled aerial work platforms, employs about 120. It appeared one of the few companies in Cumbernauld to be unscathed by the recession.

Last year it received the Queen's Award for Export. It is understood that many of its machines are unsold and that the company, American-owned, will intensify sales efforts in the next few months.

The company headquarters is in Pennsylvania. It came to the town in 1977, and opened a small factory to serve Europe. It expanded and moved into a purpose-built 43,000 sq ft factory on Westfield Industrial Estate.

Building material sales setback

BY ANDREW TAYLOR

BUILDING material sales slipped in Juoe after several months of improvement, according to figures published yesterday by the Builders Merchaots Federation.

The figures appear to support the views of building aod civil engineering leaders who have said that the slight recovery in confidence enjoyed by some sections of the constructino industry io the spring has oot beeo maintained.

Sales of building materials in June were 0.2 per ceot lower than in the same month last year, according to the federation.

"The June figures reverse the upward trend of previous months. In March, sales were 1.3 per cent higher; in April, 4 per cent higher; aod in May 4.4 per cent higher than in the corresponding months last year," said Mr Reg Williams, the federation's director.

But he took encouragemeot from the recent decline in home loan interest rates and hoped the June fall in material sales would prove ooly a temporary setback.

The recent rise in sales—dellveries of bricks and cemeot in the second quarter of this year were the highest for almost two years—appears to conflict with receot pessimistic statements made by the Federation of Civil Engineering Cootractors and the National Federation of Building Trades Employers about the lack of recovery in the construction industry.

One explanation for this appareot discrepancy is that the spring recovery was generally restricted to smaller building works such as house exteosions or home improvements—jobs which might be expected to fall withio the black ecooomy and would therefore oot show up in constructioo employers' workload surveys.

Reports of an improvement in sales of bagged cemeot during the second quarter, would appear to point to a rise in activity for small-scale building works.

There is, bowever, concern among some construction industry leaders that the recovery in private housing starts enjoyed earlier this year has been showing signs of faltering in recent months, although it is expected that the fall in mortgage rates may give the industry a further boost.

The recent pessimism among building and civil engineering leaders mirrors the lack of confidence in the economy expressed by other industries, and in particular by the Confederation of British Industry.

Halifax lends a record £1.32bn

BY WILLIAM COCHRANE

THIS YEAR'S upswing in the UK boosiog market is reflected io record half-year lending by the Halifax, Britain's largest boildiog society.

Thet Halifax reports that advances totalled £1.32bn in the six mooths to July 31, £176m more than in the first half of 1981-82.

It expects this level of lendiog to continue over the rest of the year, partly because of the reduced mortgage rate. Last year's second half total was £1.03bn but the housing market was then in decline.

"We bope the reduced cost of borrowing will help promote confidence in the housing market, assisting tbose who wish to sell their property as well as first-time buyers," says the society.

First time buyers, particularly younger people, feature strongly in the figures. They account for 52.6 per cent of loans by oumber.

People aged 25 years or younger account for 25.3 per cent of loans.

The Halifax says 27.7 per cent of the loans were oo properties built before 1919.

In total, new mortgages were completed on more thao 74,400 properties, compared with 71,316 in the first balf of 1981-1982.

Overall demand for mortgages cootioues to be buoyaot. This is illustrated by the fact that at July 31, advances offered but not completed amounted to £591m, compared with £459m at the end of January.

The society says this has been accompanied by a "modest but steady" increase in average bouse prices io recent months.

Meanwhile, the movemeot's ability to attract funds is reflected io a net investmeot inflow to the Halifax of £1.034bn in the six montbs uoder review, against £628m and £602m respectively in the first and second halves of 1981-82.

Assets at July 31 were £12.96bn, an increase of 8.8 per cent during the half year. Liquid funds were 19.1 per cent of assets.

Fleetwood fishing is lined up for survival

Ian Hamilton Fazey finds that reports of an industry's imminent demise were exaggerated

SIR Peter Hesketh-Fleetwood decided in 1836 to build Lancashire's first new town on a salt marsh at the mouth of the river Wyre. It was to be a model seaside resort.

Streets were laid out logically, radiating from the only high ground, The Mount, and leading to the waterfront landmarks of the North Euston Hotel and Queens Terrace. The town was named Fleetwood after its founder and its layout created that there is still a look of Victorian grandeur about it today.

Then, as happens now, things did not turn out quite as the planners planned. The industry for which Fleetwood became world famous was hardly foreseen by them—fishing.

It grew like topsy under market forces until Fleetwood became the third largest fishing port in Britain.

Today the industry is in crisis. The cod wars of the 1970s had seen Fleetwood's decline to 12th in Britain's fish landings league. More recently trawler owners have been fighting against port handling charges that are up to £3 a box higher than Grimsby's.

On top of that the EEC delay in agreeing a common fishing policy has created long-term uncertainty about fishing grounds.

So, three weeks ago, Fleetwood's two major trawler operators tied up their middle-distance boats and pulled back to their East coast bases.

Deeper settled about the place. Fishing in Fleetwood seemed to be doomed and the unemployment rate of 13.7 per cent looked like soaring.

Reports of the industry's imminent demise now seem to have been exaggerated. The picture emerging is one of a fishing industry that thrives in parts and almost certain to survive.

Perhaps the most surprising fact about Fleetwood is that 46 per cent of its 12,500 insured employees work in manufacturing industry. Fishing employs about 20 per cent of the workforce. There are fewer than 400 fishermen, 70 of them skippers.

The biggest portion in the industry is the 664 employed by fish merchants, processors and hauliers. Services to the industry employ 500 and suppliers a further 400. Fish handling accounts for the remaining 100 or so jobs.

There is even some doubt about whether Fleetwood needs its own fishermen. The town's 70 sizeable merchants buy from virtually anyone anywhere in Britain for onward sale to the food processing giants or the inland markets of cities.

This is borne out by a 64 per cent fall from 681 jobs to 243 for middle and distance water fishermen between 1978 and 1980 while the merchants lost only 15 per cent of jobs.

The town is expert in trading in fish not just catching it and that skill has evolved over generations. The success of Fleetwood's merchants has not always been in the interests of its fishermen for the merchants naturally have tried to buy at the lowest possible price to maximise margins.

Lancashire Enterprises, the service company for industrial development set up in March by the county council, is working on a package to save and develop Fleetwood's fishing.

Mr Andrew Flockhart, the managing director, says: "The merchants' intelligence network is fantastic. At 6.30 each morning they know who has landed what, where and how much the price is."

The information determines local prices and how much will be bought "overland" from other ports to fulfil supply contracts. The result may well come refrigerated trucks from Grimsby bound for Fleetwood crossing with similar loads going in the opposite direction along the M62.

In March Lancashire Enterprises became the central agency trying to solve Fleetwood's fishing crisis. A major Fleetwood company consulted it about its problems and things grew from there with more companies asking for help.

The first task was to analyse how the town and industry actually work. No one yet knows, in spite of the extensive co-operation of everyone involved.

The industry basically works on custom and practice, trading to the early hours with few things written down and everyone's word his bond. It has independent operators in independent sectors, who are nevertheless interdependent.

It is the balance of independence and interdependence that Mr Flockhart sees as the key to the future, possibly through some doubt a service organisation in which all sectors — fishermen, merchants, suppliers, hauliers, processors and handlers—would have a share, with Lancashire Enterprises.

Uncertainty about the EEC common fishing policy is emerging as important but a red herring. Fleetwood fishing's fundamental problem appears to be a lack of coherent structure to prevent the industry being tossed about mercilessly by day-to-day market forces.

Coping with panic in the small hours, Mr Flockhart says, has made people tactically and logistically brilliant but with little time or energy to develop strategic skills such as planning and marketing.

There is a strong if unofficial belief that middle-distance fishing will resume from Fleetwood once fishing grounds are defined by the EEC.

What East coast operator could afford to haul catches constantly from western waters round to the North Sea? In some quarters there is the view that the present crisis is the only thing that will persuade the unions that port handling charges must come down.

In any event inshore fishing nearly doubled its landings in two years to account for more than one-third of Fleetwood's total catches in 1981. With shellfish processing also on the increase, Fleetwood is a long way from being sunk.

Date set for end to car parts monopoly

BY JOHN GRIFFITHS

CARMAKERS and importers are to be prevented from making their franchised dealers buy parts exclusively from them. Dr Gerard Vaughan, Consumer Affairs Minister, yesterday introduced an order which will bring the practice to an end by August 1 next year.

This follows the publication of a Monopolies and Mergers Commission report in May which concluded that a complex monopoly existed involving 22 car manufacturers and importers. This, it said, was against the public interest.

The order becomes effective in three phases:

- From November 1 this year it will be unlawful for a manufacturer or importer to make an agreement with a franchised outlet containing an exclusive parts supply clause;
- From April 1 next year it will be unlawful for any such provision in any existing agreement to be enforced;
- By August 1 next year manufacturers, importers and their franchised outlets will be required to have terminated any agreements containing an exclusivity clause.

Announcing the order, Dr Vaughan said it would open up more of the replacement parts market to the UK's hard-pressed component makers, many of whom now fear there will be a further round of retrenchments in the face of continuing depressed demand.

At the same time, said Dr Vaughan, the gradual introduction of the order would give industry time to adapt to the new requirements before the beginning of the 1983-84 vehicle registration year.

The order is being introduced in the face of strong opposition from the vehicle makers and importers, who threw up an array of arguments against it.

They said sub-standard components might find their way onto the market; that it would be unfair because independent suppliers would concentrate on profitable, fast moving parts while they would have to continue supplying unprofitable, rarely used components; and that UK component makers would suffer because they would not be able to compete with foreign manufacturers.

Their arguments were strongly refuted by the component makers themselves, led by the British Automotive Parts Promotion Council.

In rejecting the manufacturers' arguments, the Monopolies and Mergers Commission said the existing system made motorists pay higher prices than necessary and should be stopped.

Gallaher to raise price of tobacco next month

BY LISA WOOD

GALLAHER, Britain's second largest tobacco company, is to increase prices from September 8. This will raise the cost of a packet of 20 cigarettes by 2p.

Imperial Tobacco has already announced similar price increases from September 7. Imperial Tobacco has more than 50 per cent of the UK market, Gallaher's share is about 29 per cent.

Gallaher's top-selling cigarette, Benson and Hedges Special Filter, which has about 15 per cent of the UK market, will go up to £1.06p. Roll-your-own cigarette tobacco will go up 3p per 25g, pipe tobaccos by 3p per 25g and large whiff cigars by 3p for five.

Both manufacturers say the increases reflect rises in their costs. The strong dollar has had an impact on the cost of tobacco.

In the first six months cigarette sales were down 7 or 8 per cent on the same period last year. Gallaher says its sales were down about 3 per cent.

The latest price increases may depress sales further. The market peaked in 1974 at 137bn cigarettes, falling gradually below 110bn last year.

Gallaher's pre-tax profits were down 8 per cent to £33.6m for the half year to June 30. It was too early to say whether further redundancies would be made, the company says. In December it announced 800 redundancies would be made in 1982.

Imperial said in March it planned to close three factories over the next two years. More than 1,700 jobs were to be lost in Glasgow, Stirling and Bristol.

Belfast enterprise zone boosts job opportunities

BY OUR BELFAST CORRESPONDENT

ABOUT 50 job opportunities, of which only ten could be counted as additional, have been created in the Belfast enterprise zone since it was established nine months ago, according to Mr David Mitchell, Under-Secretary at the Northern Ireland Office.

Mr Mitchell said he believed the next 18 months to two years would bring a very significant increase in these figures.

His comments on the progress of the 500-acre zone were given in a letter to the Rev Ian Paisley, leader of the Democratic Unionist Party.

Mr Mitchell said 25 acres of land, on the 190-acre section of the zone adjoining the foreshore of Belfast Lough, had been rapidly taken up and represented a £5m investment by the private sector.

The inner city section of the zone was less attractive but there were several significant developments. For instance two former textile mills were being converted and one of them would have the potential to provide 600 jobs in warehousing workshops and a supermarket.

Process industries reduce spending

By Ian Rodger

CAPITAL expenditure and future spending plans by Britain's major process industries have been cut significantly in the past year.

In its latest annual investment forecasts for the sector, the NEDO Process Plant Economic Development Committee said total capital spending during the period 1982-84 would reach £16.3bn, of which £5.7bn was earmarked for process plant.

Total spending last year in the six industries covered by the survey — chemicals, petroleum refining and distribution, oil and gas production, gas supply, electricity generation, and steel — was 4 per cent lower than originally forecast. Their spending on process plant was 3 per cent lower than anticipated.

Forecasts for total spending in 1982 and 1983 show a 7.5 per cent reduction on last year's predictions. (The steel industry is not included in this comparison because no forecasts for it were made last year).

Total spending by all six industries last year at £5.5bn was almost unchanged in real terms from the 1980 level. An increase of less than 4 per cent is expected in 1982 with falls of 8 per cent in 1983 and 3 per cent in 1984.

The committee said the current forecasts probably were optimistic and did not fully reflect the latest declines in market projections which were likely to reduce or delay investment. Data for the forecasts was collected between March and June.

Of the six industries surveyed the chemical industry was the only one to invest more last year than originally predicted: total spending there at £1.2bn was 8 per cent higher than anticipated.

Expenditure on nuclear fuel treatment plant was buoyant. Excluding this, mainstream chemical industry investment is expected to rise only 1 per cent this year and then fall 3 per cent next year and 10 per cent in 1984.

Spending in the gas supply industry last year at £228m was 20 per cent lower than anticipated and the £374m forecast for 1982-83 is 27 per cent less than predicted last year.

This is due to a downward revision in the peak day estimates of demand and lower expectations of future gas sales. Also, the cancellation of the gas gathering pipeline has led to a revision of plans to increase the capacity of the system in the north.

Forecasts of total capital spending in oil and natural gas production for the period 1982-85 at £5.8bn are 21 per cent lower than predictions made a year ago.

Predictions of spending on process plant in the sector are 40 per cent lower than last year's, largely because of the cancellation of the gas gathering pipeline.

In petroleum refining and product distribution, the outlook has also deteriorated. For the period 1982-85, forecasts of capital spending at £1.09bn are 9 per cent lower than last year's.

Private hospital cuts charges for Britons

BY RAYMOND SNODDY

A PRIVATE HOSPITAL in London is cutting the cost of treatment for British patients to attract more of the "indigenous population."

The Cromwell has written to more than 300 doctors who use the hospital telling them that a wide range of provident society policies will be accepted as full payment.

Many private health insurance policies at present would not cover all the Cromwell's charges of £170 a day. Patients would have to "top up" the policy to pay the bill.

Mr Thomas Hayes, chief executive, said yesterday: "We are the first major private hospital in Britain to attempt to attract a large number of the indigenous population."

About 70 per cent of patients using the 124-bed hospital in West London are foreign. Its occupancy rate is between 80 and 85 per cent.

Among policies which will be accepted as full payment are the British United Provident Association's group protection London scale and NHS post-graduate teaching hospital scale, and Private Patients Plan Masterplan I and II.

The post-graduate teaching hospital rate of £149 a day would have meant about £20 a day "topping up" at the Cromwell. The hospital will accept on "standby" a limited number of policyholders with NHS provincial teaching hospital rate cover of £101 a day as full payment. This will apply to stays of three days or less.

Earlier this year the Cromwell was one of nine London private hospitals named when one of Britain's largest employers wrote to its workers telling them to avoid the more expensive hospitals if they wanted to be covered by their company health plans.

Bupa said it appeared the Cromwell scheme would apply to the majority of the 3m people covered by its policies.

"What is significant is that a commercial hospital recognises the importance of operating within the framework of Bupa benefits," it said.

BR may introduce space invaders on trains

BY JAMES McDONALD

BRITISH RAIL is considering installing space invader machines on trains.

The video game has been introduced on the Euston to Inverness Clansman run this week to test public reaction. If it proves successful it may be extended to other Inter-City services.

The machines are already a fairly common sight in station buffets.

British Rail is also considering the possibility of screening feature films on long distance trains but there are no definite plans.

"If we get approached by someone interested in a partnership, we will have to look at that," said Mr Cyril Bleasdale, a BR Inter-City director.

"The railways are aware of the films now being offered on some long distance coach services."

A BR spokesman said: "We are looking closely at all ways of trying to make more money and make train travel more attractive."

The space invaders game on the Euston to Inverness run is a joint venture between Bellfruit (UK), of Nottingham, the suppliers of the machines, and BR.

Stock Exchange probing dealings in brick maker

BY RAY MAUGHAN

THE STOCK EXCHANGE is making a preliminary investigation into dealings transacted in Blockleys, the specialist brick manufacturer, before last week's announcement by C. H. Beazer (Holdings) that it had acquired a holding of 8.5 per cent at 180p a share, and intended to lift its stake to a maximum of 15 per cent.

The inquiry stems from two sources.

The Stock Exchange's monitoring system, which may handle as many as 1,500 price movements at any one time, picked up the change in Blockleys' shares, which on further examination was not explained by seasonal or sectoral influences, revival of any long-standing bid rumours. Blockleys is a thin market and the shares are usually narrowly traded.

The stock market jobbing system noticed an unusual price pattern. The leading jobbers in the shares did not approach the Stock Exchange directly but relayed their suspicions to the authorities during its usual check after a bid or raid.

Inquiries are at the early stages as the jobbers concerned give details of the broking firms they dealt for.

Should this necessitate further action the Stock Exchange will investigate the brokers' dealings and examine timing, scale and reasons for their clients' transactions.

Finally it would turn its findings over to the Department of Trade, unless "natural" explanation was forthcoming.

Blockley's shares soared 52p to 180p when Beazer first disclosed its interest early last week. This took the price 48p above the previous 1982 peak. The group, at Telford, Salop, is understood to be strongly supported by local shareholders.

Industrial Commercial Finance Corporation, a long-standing holder, controls 16.88 per cent of the equity, which with board, family and associated interests is more than half the shares.

All shareholders have been advised by the board to ignore Beazer's attempts to lift its stake to the target level.

Civil servants' wages estimated at 15% behind private sector

BY PHILIP BASSETT, LABOUR CORRESPONDENT

CIVIL SERVANTS may be being paid 15 per cent less than their counterparts in the private sector, according to an estimate by the middle-grade Society of Civil and Public Servants.

The estimate is contained in a document which amounts to a thoroughgoing opposition to the findings of the Government's inquiry into a new system of pay determination for Britain's 530,000 white-collar civil servants.

The confidential SCPS document will be examined today by leaders of all nine civil service unions at a meeting of the policy committee of the Council of Civil Service Unions, the unions' umbrella group.

The report of the inquiry, chaired by Sir John Megaw, recommended that civil service pay settlements should be in the "inter-quartile"—between 25 and 75 per cent—of outside pay rate increases.

The SCPS paper says that because of the recomendations of Megaw for a range of factors to be set against these outside comparisons, the pay increase will be "as near as possible to the lower quartile, ie, at a level of increase exceeded by up to 75 per cent of workers outside the Civil Service."

The paper argues that this formula would have obvious attractions for the Government and corresponding disadvantages for civil servants. The last three settlements in the Civil Service, it says, were:

- 1980. Relevant inter-quartile range 13-14 to 18 per cent. Settlement 18.75 per cent. The SCPS says this would not have been permissible under Megaw.
- 1981. Relevant range 7-8 to 13-14 per cent. Settlement 7 per cent plus £80. Acceptable—but lower end of range.
- 1982. Range 5-6 to 9-10 per cent. Settlement 5.9 per cent. Acceptable—but at lower end of range.

The paper says that with this record, civil servants would be unlikely to take advantage of the proposals made by Megaw for catching up with private sector pay in the long-term.

With a current inter-quartile range of perhaps 5-8 per cent, the paper estimates: "It is not an unreasonable guess that civil service pay levels have already fallen up to 15 per cent behind equivalent private sector level."

The SCPS lays great stress on the Megaw proposals for a new system of pay banding in the Civil Service, which the document describes as "potentially the most damaging aspect."

Another paper going before today's meeting is a report by the CCSU study group on the re-establishment of local CCSU committees, which organised the 21-week pay strikes last year at local level.

Securing the principle of re-establishment was one of the major gains of left-wingers in the unions at their annual conferences in the spring.

Fleet Street union 'not liable'

BY OUR LABOUR CORRESPONDENT

GOVERNMENT LEGAL officials believe that even if the present Employment Bill were law, last week's strike by Fleet Street electricians would not have made the union liable for damages because of restrictions in the Bill about who can call a strike.

Trade union leaders and employers speculated widely last week that if the Bill were law, the action led by Mr Sean Geraghty, secretary of the Fleet Street press branch of the Electrical and Plumbing Trades Union, would have attracted the stiff penalties.

These penalties—widely seen when the Bill was introduced as a deterrent to this sort of industrial action — include damages of up to £250,000 for a union the size of the EPTU.

But, Department of Employment officials said yesterday that the electricians' action would be precluded from rendering the union liable to such damages because the Bill lists very specifically who can and cannot call a strike.

Action can only be liable if it is "authorised or endorsed" by a "responsible" person or body within the union.

It was felt that neither Mr Geraghty nor the branch fell into any one of these specific definitions: the union's executive committee, a person empowered to call action under union rules; an official who regularly attends the executive; any other employed official; any other union committee reported to by an employed official.

Mr Geraghty is employed by the Daily Mirror newspaper and the Department's officials thought that the rules of the EPTU would preclude his calling such action.

It was also being suggested by unions last week that because the bill specifies that a union's funds might be liable, the fact that the electricians' action was by a branch, and not the whole union, might be protection against liability for damages.

Department of Employment officials thought that unless the branch could show itself to be virtually autonomous—almost a separate section of the union—this would not be the case and, if the above strictures had not applied, the union might be liable.

It was thought, too, that the bitter denunciation of the electricians' action by Mr Frank Chapple, EPTU general secretary, would be enough under the Bill to repudiate the action and therefore protect it from damages.

However, officials felt yesterday that no matter how public or hostile were Mr Chapple's statements, to qualify for the protection the union would need to repudiate the action in writing to the strikers.

Foot plan for register backed

By John Lloyd, Labour Editor

THE EFFORTS by Mr Michael Foot, the Labour Party leader, to set up a register of approved groups within the party have been backed by the Association of Scientific, Technical and Managerial Staffs, the major white-collar union.

The union's executive voted by a two-to-one majority over the weekend to support the register, seen as a means of proscribing the Trotskyite Militant Tendency.

It has recommended that the executive vote for the register at the party conference in October. The move from a union regarded as left of centre is a significant indication of union support for Mr Foot and of impatience with the policies and tactics of the far left within the party.

Two motions rejecting the register—one specifically mentioning Militant—were heavily defeated.

Militant is attempting to counter support for the register with a campaign against the "purges" within the party. This campaign is backed by a number of left-wing MPs, including Mr. Tony Benn.

It is hampered by a generally low level of support among the unions, where the group has generally made only limited and highly localised impact.

Poll boost for health service pay campaign

BY DAVID GOODHART, LABOUR STAFF

EIGHT out of ten Britons believe that nurses should be paid more than the present offer of 7.5 per cent according to a poll yesterday.

But a majority also said they were against nurses taking industrial action, said the survey, by Audience Selection and published in the Sun.

Two-thirds of those polled also said the ancillary workers should receive more than the 6 per cent they have been offered. The Government's handling of the dispute was condemned by 71 per cent and only 23 per cent backed Mr Norman Fowler, Social Services Secretary.

The poll will strengthen the position of the majority on the TUC Health Services Committee who have argued against calling an all-out strike in the NHS on the grounds that public support could not be maintained if action was stepped up dramatically.

An all-out strike could be called in all Derbyshire hospitals tomorrow, however, if a meeting between union and health authority officials cannot resolve a dispute over bonus payments for 320 Derbyshire ambulancemen.

The men went on strike yesterday—refusing to answer even 999 calls—after they claimed that eight men working a special shift system had been sent home without pay.

The National Union of Public Employees said only one of the 15 stations in the county was working normally.

The health authority said six of the stations were working normally. The police, the Red Cross and the St John's Ambulance were providing emergency cover.

Mr Chris Mellors, the regional NUPE official, said that if the dispute is not resolved tomorrow he will be calling on all the NHS unions in Derbyshire to start an all-out strike. He added that other union members were refusing to co-operate with the police and volunteers.

Labour Party staff action

BY JOHN LLOYD, LABOUR EDITOR

LABOUR PARTY staff are to decide today whether to escalate their action to an all-out strike over a nil pay offer, or to accept the deal.

A meeting of the party's 120 staff will vote on three options to be presented to them by officials of the four unions with members in the south London headquarters.

The two main options call for a complete withdrawal of labour from September 6, or for no further industrial action—which would effectively mean accepting the nil offer.

A third option calls for the staff to "black" the national executive committee—which is taken to mean an all-out strike, since the committee is the staff's employer.

The staff had already operated a partial overtime ban, and has picketed the executive during its meeting last month.

Its pressure resulted in the nil offer being changed to one which would mean increases from 25 per cent for about 70 low-paid workers. But this would be met at the expense of an 11 per cent rise for the party's managers, which was to have been paid under a separate agreement.

However, the staff unions rejected the new offer both because they considered it to be too low and because they did not wish to be party to a breach of the managers' agreement.

BL staff to study sacking

NINETY BL workers will meet tomorrow to discuss possible industrial action in support of eight company firemen, sacked for allegedly being asleep on duty.

The men were dismissed at the Land Rover plant in Solihull, West Midlands, after a check by two inspectors and a deputy manager earlier this month.

Barclays' Saturday opening 'success'

BY BRIAN GROOM, LABOUR STAFF

BARCLAYS BANK claimed a victory yesterday when no disruption was reported in the 34 branches which spearheaded the reintroduction of Saturday morning opening at the week end.

The Banking, Insurance and Finance Union (Bifu) said it would continue its opposition, and claimed that industrial action would start to bite when the bank tried to expand the number of branches.

The union has asked its 15,000 Barclays members to black Saturday-related work on weekdays. It was not surprised by the minimal initial response, and claimed the bank had "hand-picked" the first 34 branches for their low level of Bifu membership.

Mr Owen Rout, Barclays general manager, said there had been "absolutely no blacking." Bifu members. "It looks good for September 11, when we shall open over 400 branches," he added.

Barclays is the first high street bank to open on Saturdays for 13 years. All the staff on duty were volunteers, working for special payments of between £24 and £40.

The bank did not need to carry out its threat to suspend staff taking industrial action, but Bifu said at least one member had been given a week's warning of suspension. Others intended to black work, the union said, but the work was carefully channelled to non-Bifu members.

Bifu expects the Trustee Savings Banks to come forward shortly with their own proposals for selective Saturday opening. This may be proposed on terms more acceptable to Bifu than at Barclays.

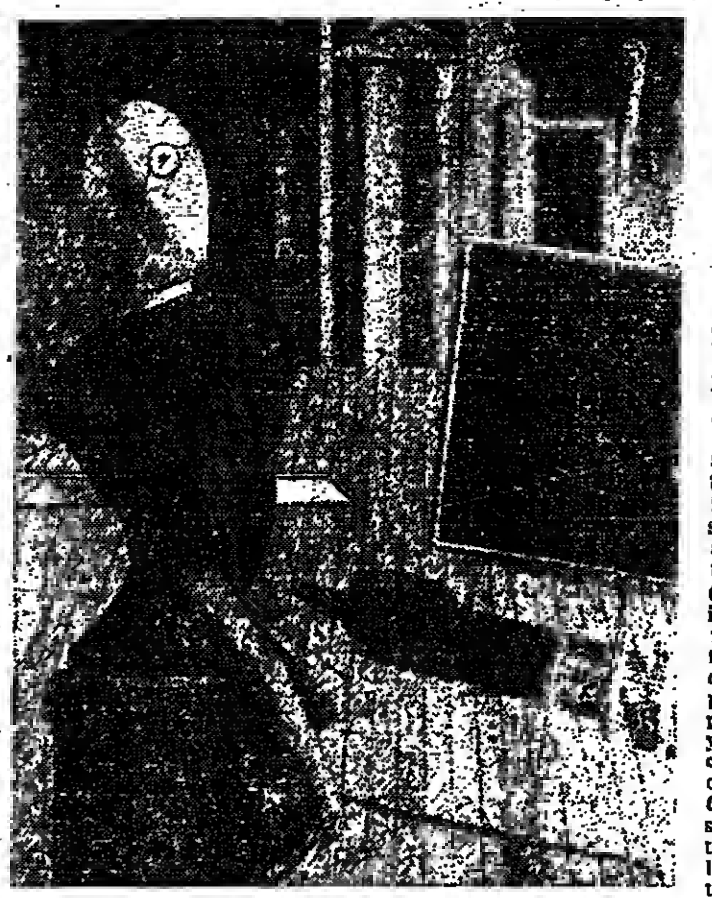
Saturday opening has been introduced experimentally at a TSB in-store branch at Debenhams, Sheffield, where staff were given a 30-hour, four-day week, and an 11 per cent premium on salary.

Bifu hopes its industrial action at Barclays will force the bank to negotiate on its claim for a 28-hour, four-day week. At present the bank is asking staff to volunteer for extra work on top of their 35-hour, five-day week.

THE ARTS

Tate Gallery/William Packer

De Chirico's reputation confirmed but not challenged

The Child's Brain and The Seer, two of Chirico's early paintings in a fascinating exhibition

The great artist does not, cannot invariably produce masterpieces, and all artists are more than capable of making bad art. This is a natural and reasonable condition, given the nature of our human fallibilities; and it remains oddly true, whatever has happened in the particular case, the positive retirement perhaps (Duchamp), the physical disability (Monet), or the personal vicissitude (Rembrandt) notwithstanding, we take the whole life into account at last, to see the whole work all of a piece, first and last the product of one hand and of one not unmodified but singular sensibility.

Which makes the case of Giorgio de Chirico all the more strange. He lived to a great age, dying at 90 in 1978, the last hero of Modern Painting's heroic age, and long acknowledged as possibly a great artist but most certainly among the most significant and influential of our century.

And yet that critical position rests entirely upon the work he produced as a young man, first in Paris and then in Rome, in something under the 10 years after 1910. It is the same span as Van Gogh's working life, and rather less than Modigliani's, who both died too soon; and in a curious way de Chirico too died young, critically written off after 1919 as an original artist by his great champion and apologist, James Soby, and the sentence later confirmed by the Surrealists, always such sticklers for manifesto and principle, whom he had influenced so profoundly.

The received wisdom is that de Chirico's creative vision fled as abruptly as it had visited him those few years before, and though a flicker or interest could be detected now and again for a year or two, the work of the next 60 years was in fact worthless. It may well be so, but the case has yet to be made by something more than assertion.

The position was taken up early and the prejudice survived, as William Rubin, director of painting and sculpture at New York's Museum of Modern Art and prime mover of the de Chirico Show now at the Tate (until October 3), unselfconsciously reveals in his catalogue essay: "There are some fine paintings in the 1920's and some interesting ones—here and there—even later. . . . (For this reason I have broken with Museum of Modern Art tradition and included a small selection of post-1918 works in the exhibition. . . .) My own resistance has finally something to do with a perception of the pictures that goes beyond aesthetics. . . ."

When responsible critical attitudes become the creatures of policy, and more than policy, tradition, we may be excused perhaps a low whistle or two. De Chirico's real art historical crime, one suspects, was not to change in his work, to become the eclectic for why should the artist not readjust, broaden his scope, or pick up whatever he needs wherever he finds it? Neo-Classicism was much in the air in those early 1920s (Picasso). what Rubin dismisses as de Chirico's later art-school academicism has more than a little of the New Realism of the 1930s, returning the compliment as it were of the 'Metaphysicals' earlier and direct influence upon the emergent painters of the Neue Sachlichkeit, so well elucidated by Wieland Schmied in the same catalogue.

The effects of Pittura Metafisica upon the Surrealists are already clear enough, and again what Rubin sees as the awkward Neo-Primitivism of the middle 1930s may just as well be taken as an ironical nod towards Magritte. No: de Chirico's real mistake was to change his mind and to recast his theory at just that moment when his earlier work, and that of his fellow metaphysicals, Carlo Carra especially, were beginning to achieve a wider European audience and influence. Revision must always seem to be betrayal to the newly embattled.

And so it that this exhibition confines itself unashamedly to the work de Chirico made before 1920, with only a pendant of later work, inevitably more puzzling than it is enlightening. For that more ambitious and questionable critical exercise we must clearly wait for some considerable time: what we do have here is a marvellous exposition of an extraordinary artist working at full blast.

Early in 1914 de Chirico held a show in his studio in Montparnasse which was reviewed by Apollinaire in *Les Soirées de Paris*, the magazine he edited: what he said then still holds good. "The art of this young painter is an inner and cerebral one that has nothing in common with the art of the painters who have emerged in recent years. It possesses nothing of Matisse, nor of Picasso. It does not come from the Impressionists. This originality is new enough to be pointed out. M de Chirico's very sharp and very modern perceptions generally assure an architectural form. There are railway stations adorned with clocks, there are towers, statues (the later called him 'the enemy of trees and the friend of statues'), large deserted squares; railway trains go by on the horizon. Here are some of the singular titles for these strange metaphysical paintings: The Enigma of the Oracle, The Melancholy of Departure, The Enigma of the Hour, Solitude, and The Whistling of the Locomotive."

And indeed there they all are: the towers with their banners streaming in the remote astral wind, the feverishly dislocated perspectives of those endless arcades, those unbearably empty, silent squares, the objects they hold collected in a dream and thrown together in an unspeakable association. How fascinating it all is, and how easy in our first shocked enchantment to see nothing and only read the images, to try to conceive of only what they might mean and not of what they are. For a cooler view reveals de Chirico as a consummate painter, his effects not at all the chance and arbitrary fruit of circumstance, good ideas in their time, but are worked for steadily and achieved.

The heavy, brooding atmosphere in that last evening light, the dark station arcade under its clear sky immanent with the sense of departure and irrecoverable loss, is a confection of tone, texture, colour all most exactly judged, and the drawing just firm and simple enough, the right side of crudity. Everything is left to stand for itself, quite beyond the reach of psychological analysis and explication, just as it was for the young de Chirico himself, one clear autumn afternoon, sitting on a bench in the Piazza Santa Croce: "The hot strong autumn sun brightened the statue and the facade of the church. Then I had the strange impression that I was looking at these things for the first time."

There is less that is literary to these works than we might at first suppose, or our long habituation to the indulgences of surrealism, which they prefigure so clearly, might lead us to imagine. For the explanation, the rationale, is explicitly rejected: "Now every time I look at this picture," he went on, "I see that moment once again. Nevertheless, that moment is an enigma for me, in that it is inexplicable."

Ideas may often be the vehicle for art, but never its substance: rather it is the clarification, the crystallisation, indeed the realisation of experience that lies so close to its heart, that which makes us share with de Chirico his confessedly "almost morbid sensitivity."

Next week's article on some aspect of the visual arts will appear on Monday, while the architectural column by my colleague, Colin Amery, will appear on Tuesday.

Béatrice et Bénédict/Festival Hall

Max Loppert

Simon Rattle's second season as artistic director of South Bank Summer Music has thrown up what looks, on paper at least, to be the most attractive and inventive schedule yet composed for the series. And certainly, if the music-making continues with the verve and buoyancy that marked Sunday's opening—a concert performance of the final Berlioz masterpiece—the prospect for the next fortnight is one of riches in plenty.

Berlioz's "caprice written with the point of a needle" (as he himself described it) finds its way sadly seldom into the opera house. The familiar difficulty of finding opera performers who can *speak* lines and sing them with equal expressive facility is exacerbated, if the work is given in translation, by an English audience's likely familiarity with the Shakespeare play (and its awareness of what has been simplified in the operatic treatment). It is not an ungraspable problem, as Buxton in 1980 showed; but until Glyndebourne rises to it, as it properly should, a concert performance of Sunday's kind, with the dialogue drawn directly from *Much Ado* spoken by four leading actors and the music sung in the original, provides a solution of more than one linked attraction.

The marriage of media was not entirely heaven-made—despite keen movement of speech into song and vice versa, music and spoken dialogue tended to establish themselves as distinct rather than blended activities. But as each was achieved with excellent wit, merriment, and lightness of style (apart from a slight and easily forgivable lapse into farce during Somarone's Grotesque Epithalamium), one was borne from one to the other on a current of contentment. Leading the quartet of actors (Cherie Lunghi, Michael Pennington, Edward Petherbridge) was Janet Suzman: even in truncated form, there was a sufficient sample of her marvellous Beatrice to revive charmed memories a decade old of her Aldwych performance.

But the music was the thing, and it was here delivered with an understanding of its peculiar grace—its combination of diaphanous scoring and needlepoints of brilliant colour, its vein of tender serenity pierced with melancholy, the sense that such an evanescent tissue of music is at the same time a cornucopia of authentic Berlioz melody—that is rare even in these days of widespread Berlioz sympathies. Mr Rattle is one of nature's Berliozians: the disposition of his City of Birmingham orchestra necessitated by the Festival Ballet proscenium may have spread and thinned the orchestral sound out, but it entirely failed to prevent the conductor from regularly touching off the miraculous interplay of humours and colours. Mr Rattle was with his singers every inch of the way: all seemed caught up in the special glow of the opera.

It was a choice collection of singers (with more than one Glyndebourne name, plus Mr Rattle, to lend the impression of a Glyndebourne sheen to the enterprise): Philip Langridge in his best deft manner as Benedick, beautifully judged contributions from Lillian Watson (Hero) and Alfreda Hodgson (Ursule), and, above all, the Beatrice of Maria Ewing—*sung without a score*, touched with a thousand piquant inflections, a bewitching and completely imagined realisation that, no less than Miss Suzman's activities, brought the character to life before our eyes with the flick of an eyelid.

Young Composers/ICA

Andrew Clements

An evening devoted to the work of young composers has become a regular feature of the MusICA series, and Sunday's programme brought round again several names from previous seasons. If the four works could be said to share a common theme it was that of homogeneity; pieces for four saxophones, four oboes, violin and viola. The fourth piece, Nicholas Wilson's *Trauma*, was very much a law unto itself.

Only Douglas Young's *Sliere League* for violin and viola had been performed before, and that was a late substitute for a new work by Helen Roe for the same combination that could not be prepared in time. It is one of Young's most immediately approachable and consistent recent works: written expressly for Alexander Balanescu and Elizabeth Perry who played it here, it treats the two instruments as a single unit, with figuration dovetailed between them. It owes something to the ideas of process music, though the continuity such a description implies is frequently broken by more extravagant gestures; the requirement for ultra-precise ensemble and equally weighted instrumental voices is however common to both.

John Harle's *The Bell Jar* for oboe quartet (The Trio Cannello with Quentin Poole) uses process techniques more consistently. Whether or not the title implies a programme or a literary inspiration (Sylvia Plath's novel of the same name possibly?) was not disclosed. For this listener a group of oboes conjures up unfortunate reminders of French neoclassicism, à la Milhaud or Françaix. Harle's work began in the same light-hearted way, but gradually became more serious, as individual lines detached themselves from the ensemble to unfurl lyrical melodies. Sinan Savaskan's *The Street* treated a saxophone quartet (the Myrrha Quartet) more exhaustively, exploiting a full range of possible effects and arriving at a tightly organised suite of movements with definite blues inflections at several points.

Nicholas Wilson studied at both the Royal College of Music and the Royal College of Art, and his work belongs as much to the world of performance art as it does to that of experimental music. In *Trauma* the composer himself was strapped into a harness that connected him to a suspended metal sheet and a taught piano wire; as he moved the sheet and bowed the string, contact microphones transmitted the vibrations to an elaborate array of electronics. The result has as much visual fascination as aural satisfaction, though the concept of a performer "tied" to his instrument perhaps allowed the idea of homogeneity in the rest of the concert to be extended to that final piece as well.

Gala in Regent's Park

The yearly Music Hall Gala, *Park Follies*, will be held at the Open Air Theatre, Regent's Park on Sunday, August 22. The star names on the programme include Kenny Everett, Peggy Mount, Paul Eddington, Lisa Goddard, Alvin Stardust, Deryck Guyler, Kate O'Mara and Patrick Ryecart. The show is directed by Christopher Biggins with Peter Spraggon as the chairman.

La Petite Bande/Albert Hall

Richard Joseph

The first question usually asked when a foreign soloist or ensemble well-known on disc makes their British debut is "Do they sound like their records?" For La Petite Bande, a largely Belgian and Dutch chamber orchestra specialising in authentic baroque performances, the answer is no. Heard on Radio 3's live relay from the Proms, they sounded better.

The ensemble is about ten years old. Because each of the players is a well known soloist and teacher, it meets infrequently. Yet on Sunday night it produced a marvellously unified, compact sound. The playing was subtle, varied, aware of current ideas about 18th century performing practice without becoming either mannered or discreet.

Slight, but natural-sounding pushings ahead and pullings back enlivened the generally comfortable speeds chosen for J. S. Bach's First Suite.

Dynamics were similarly inflected, never italicized. Though this might sound like a potentially dull catalogue of negative virtues, the character of each of Bach's dance movements was fully realised; the *Minueta* were shaped with a proper touch of artificiality, the *Forlone* was invigoratingly breezy.

In every movement of this work, and in Handel's Concerto grosso Op. 3 No. 2, La Petite Bande's oboes and bassoons made one forget the inherent difficulties of their unkeyed instruments. Indeed, the woodwind produced results that British ensembles usually obtain only with the assistance of a good tape editor.

Violin staccati in the Handel had a unanimity that was surprising considering the lack of chin rests, which meant that the bow could bounce only at a less than comfortable angle. In the second *Passepied* of Bach's Suite, the unison violins, low on their G and D strings, produced a sound that can only be described as gorgeous.

In these works, as in Rameau's suite from the opera *Hippolyte et Aricie* which ended the concert, La Petite Bande's playing was not the "revelation" we used regularly to expect from such archeological ventures.

It was instead an experience of great pleasure.

Munich Interlude/Ronald Crichton

Rare Schumann, favourite Rosenkavalier

Anyone wanting to skim the cream off Bayreuth, Munich and Salzburg in successive visits to the three festivals is bound for disappointment. In theory it looks easy—an air ticket to Munich and comfortable rail journeys (but you must still change for Bayreuth) to the other two. But programmes aren't built that way. By the time I got to Munich, the new *Moses und Aron* (sold out after the first night, I was told) and the revival of Egk's *Peer Gynt* which were this year's less conventional attractions, were over.

I caught the second of two concert performances of Schumann's opera *Genoveva*, belatedly emerging from the mists of incomprehension. The Munich Generalmusikdirektor Sawallisch conducted, with less lyrical intensity than Masur on the EMI recording reviewed here some time ago, but with sharper perception of the humour that is an unexpected ingredient in this strange, endearing, ellintical, often extremely beautiful Romantic document. It was Meyerbeer whom Schumann detested and feared but it was Wagner, of course, who eclipsed *Genoveva*. Smallish cast, the choruses, four acts with built-in dinner interval — why does Glyndebourne not have a try?

Sawallisch had two big soloists also heard in the recording—Fischer-Dieskau as the cruelly cuckolded Count Siegfried, Peter Schreier as the unreliable steward Golo. Both remain masterly, neither is quite so sweet in tone as before. Poor Geneviève was the Czech soprano Gabriele Benackova, limpid and touching without the dewy sweetness of the remarkable Edda Moser on the records. Wolfgang Brendel, Germany's answer to John Tomlinson, lent his strong tones to the two short roles of Bishop Hidulfus and Drier. A mezzo new to me, Mariana Lipovsek, made more than one could have imagined of the villainess Margaretha. The chorus was imported from Düsseldorf, where Schumann went as music director not long after writing *Genoveva*.

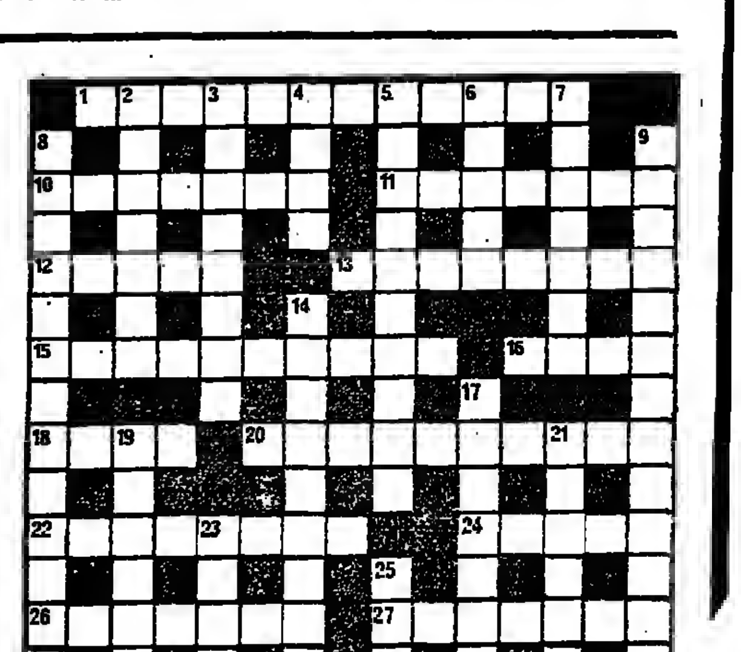
Has there been a better post-war *Rosenkavalier* than the Munich staging by Otto Schenk? Traditional but not feebly so, smooth and spontaneous, details which can easily grow out of proportion perfectly placed in lovingly, knowledgeably naturalistic sets by Jürgen Rose. The first-act Marschallin of Gwyneth Jones has a fine distinction of bearing and utterance. Her last act has effortless moments, with a tendency to peck at notes that might give difficulty. Brigitte Fassbaender's Octavian has a strength and a hint of burliness that make other gifted interpretations of this role seem sketchy. Kurt Moll's Ochs has strength, too, the strength to sing the music cleanly and refuse to clown. Helen Donath now takes Sophie in place of Lucia Popp. Not a bubbling girl but a radiant, determined young woman, the vocal line all of a piece.

Even so, one boggles at the *seat prices*. This *Rosenkavalier* has been in the repertory for 10 years; £52 for a side stall where the Nationaltheater acoustics made the violins go glassy and snap the ensemble in two.

I had already seen this production some years ago. A second look was, I admit, prompted by sentimental memories of my first Munich Festival 50 years ago. Beecham, as guest conductor, directed a *Zauberflöte* in the old Residenz and still more notably, a fine concert consisting of a Haydn symphony, *Brigg Fair* and *Heldenleben*. Strauss was in the audience, together with conductors Krauss and Knappertsbusch and some of the glamorous Munich singers.

After the rousing *Heldenleben*, the excitement of which, including a hugely affirmative "Amen" after the battle scene, I can still recall, the composer was called to the platform to receive, with the conductor, wreaths of laurel. Strauss went pink with embarrassment. Beecham behaved as though such things came his way every evening. *Afterwards* I followed Strauss and one other conductor (Krauss, I think) through the streets to the Vier Jahreszeiten Hotel. Strauss looked over his shoulder to see who it was but I was too shy to ask for autographs. I regret that now.

F.T. CROSSWORD PUZZLE No. 4,950



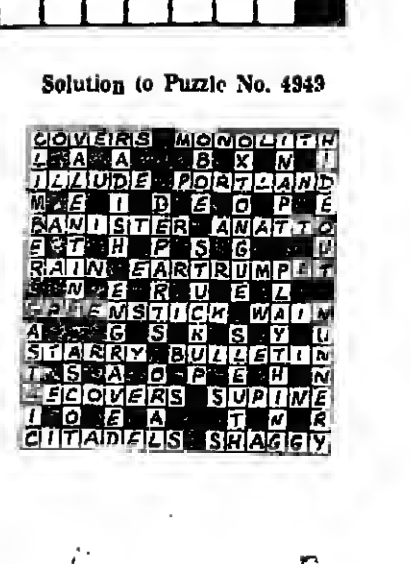
ACROSS

1 Bargaining for nag set with horrid twitching (5-7)
10 Set on both sides, trade is fluid (7)
11 Most singing in a party is getting fruity result (7)
12 Two kings and ace get the money (5)
13 Crushes records (4, 4)
15 Signs beforehand for vouchers, we hear (10)
16 Peer is round the East for booty (4)
18 Flower that means nothing to the English (4)
20 Systems of square columns at rope in binder (5, 5)
22 Colin crashes with bus. Could be behind bars! (4, 4)
24 In Alabama, nicked—in odd state? (5)
26 Falls back again to the artist (7)
27 Universally commend to lift (7)
28 Dad is breaking vehicle, gate is damaged—a loss (12)

DOWN

2 This kind of sport is way out (7)
3 Weapon settled up in the fight (8)
4 He binds the layer (4)
5 Such a one 13 across, a copier (10)
6 Clubs, flattens (5)
7 Note foreign love's charm (7)
8 A capital old lady (4, 2, 7)
9 We have good grounds for watching it in summer (6, 7)
14 Fish body that's narrow and goes on rollers (10)
17 Soldier to rise up? Absolute nonsense! (5-3)
19 Paroled, made a break, always spotted (7)
21 Dusky leader dipping into drink (7)
23 Credit fool to be dense (5)
25 Instrument that's swelling to the audience (4)

Solution to Puzzle No. 4,949



TECHNOLOGY

EDITED BY ALAN CANE

French system may make cheque books redundant

Philips first off the mark with the 'smart' card

BY GEOFFREY CHARLISH

IN THE autumn, a trial is to start in three French towns of electronic systems that are aimed at dispensing with the cheque book altogether, replacing it with a new kind of plastics card with built-in memory and intelligence.

The French banks and PTT are the driving forces behind the 18 month trials, which will deploy systems developed by CII Honeywell Bull, Philips and Schlumberger.

Philips appears to be first off the mark with details of its Caen, Normandy trial in which 250 retailers are to be provided with terminals and some 50,000 of the cards are to be issued to residents.

All the Caen banks will be taking part and the project is backed by the French Government.

News about the so called "smart" card has been a little spasmodic since its French inventor, Roland Moreno, made announcements exactly three years ago through backers Societé Innovatron in Paris.

Since then, all three of the trial companies have bought licences and it has been known for over a year that Philips was developing a system.

Ready now for the trials, it has been named EFT 800 and consists of a pair of cable-connected terminals used at the point of sale, one for the retailer and one for the customer.

Instead of a cheque book, each bank customer is issued with a card and a personal identification number (PIN). The card is able to store and manipulate data about transactions in microcircuits that are housed within the 0.7 mm thickness of the card—a remarkable achievement.

When issued at the bank the card is given a revolving financial limit by an authorised executive who uses another card, with its own PIN, for security purposes; no one else can authenticate the customer's card.

The financial limit and the PIN can be changed once in the life of the customer's card: the PIN might become prejudiced or the user might go up or down in the world.

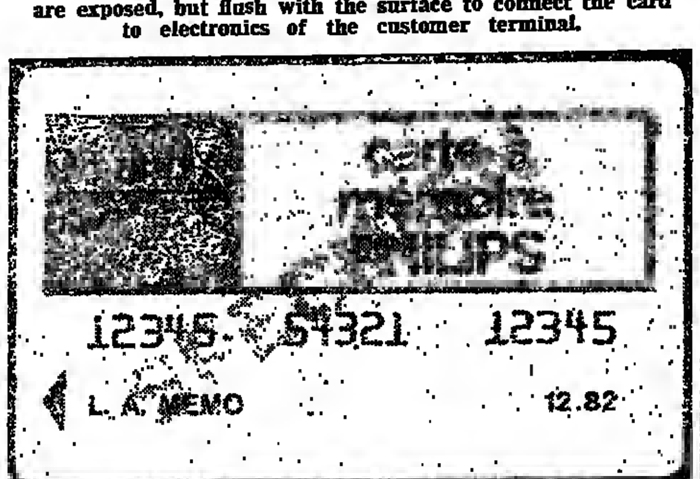
When the user makes a purchase, the retailer keys in the amounts on his machine, the holder inserts the card into the other terminal and immediately keys in his PIN, which he can do unobserved by virtue of a built-in hood.

Then, within a matter of seconds the machine "swallows" the card (completely). The plastic-embedded circuit debits itself, is given the location of the shop and the date of the transaction for storage in its memory, and is finally returned after feeding the data into a logging storage unit called a Cartette in the retailer's terminal.

This solid state plug-in module, no bigger than a video cassette, holds the day's transactions in a non-volatile memory and can only be physically removed from the terminal by the shop's proprietor. At day's end, he can either empty the contents electronically over a phone line (there is a built-in modem) to the bank, or simply take the Cartette there and drop it into the night safe.

The Cartette also holds the bank's "hot" card file, updated daily by phone line or at the bank.

Shoppers in Caen, Normandy, will soon be using this small terminal and their "smart" card instead of paying by cheque. It works in conjunction with the retailer's terminal. The card pictured below has both intelligence and memory built into the thickness of the plastic, a mere 0.7mm. Contacts are exposed, but flush with the surface to connect the card to electronics of the customer terminal.



When a card user exceeds his limit, the card is told as soon as it is inserted in the terminal. The transaction is then blocked. In the same way, the card would be replenished as soon as the user's salary, for example, is credited at the bank.

In any event, when the card is returned to the holder, his remaining spending value comes up on the liquid crystal hooded display.

So the card holder has the exact, electronic equivalent of a cheque book. Data from the Cartette goes into the bank's mainframe computers in the usual way, and the customer gets his bank statement in the usual way.

Philips can also offer simple inquiry terminals for installation at useful locations, allowing the holder, by card insertion and PIN number keying, to see what he has in his account. He gets a printed version as well.

At shops, the EFT 800 terminals will be co-sited with any existing point of sale units: double keying is involved. But for the future, Philips says that it will be offering terminals and systems that will embrace both.

In practice the retailer will be able to have a number of cards for security and other purposes. In the morning the manager can "open" the system with his card, the cashier can log on with hers, while a supervisor can be empowered to bring up specific totals. The proprietor can also have separate cards for the various bank accounts he may be running.

Many will of course argue that the banks can only be the real winners with this kind of technology. The cheque vanishes and since the British clearing banks deal with upwards of 1.5bn annually, each costing perhaps 80p to clear, there are very large savings to be made.

At the moment ,the smart cards cost £10 to £12 each to make, although with widespread use this is predicted by Philips to drop to under £2.

Since 66 per cent of cheques are, says Philips, written at the point of sale, and of those two-thirds are for under £50, the company sees great logic in promoting such systems.

But the terminals will cost about £1,000 and will be an addition to the electronics the retailer may already have.

So the familiar EFT (electronic fund transfer) question arises yet again. Who pays?

Bulk materials handling

Acceptance for Babcock technique

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

BY THE MIDDLE of 1985 two continuous ship unloaders of coal from Babcock-Moxey, the Gloucester unit of the Babcock International group, should be working alongside three conventional grab unloaders at the jetty of the Castle Peak Power Station in Hong Kong.

The £5.5m order from China Light and Power, owner of Castle Peak, for two machines, and not just one experimentally, marks the first major commercial acceptance of a new dry bulk materials unloading technique. Babcock-Moxey has been working on the system for 10 years.

It is believed that only two other machines of comparable style are under construction: one in Finland by Kone for a Danish customer and the other near Marseilles by Fives Cail Babcock (no corporate relation of Babcock-Moxey).

The innovation is in the technique of gathering the material from the hold of a ship and in conveying it to the handling system on the jetty.

Conventional grab unloaders perform as the name implies. They grasp at a load of the material in the ship's hold and deposit it elsewhere.

The continuous unloader, by contrast, employs a bucket system. A hydraulic motor drives a wheel with ten cell-less buckets, which rotates at a selected speed, digging into the material to be unloaded. The buckets are moved into an elevator column.

The material then runs along the boom of the machine by conveyor belt into a discharge system in the portal and thence to the dockside conveyor system.

The problem of moving the material in the hold into the reach of the bucket wheel and of dislodging material from the side walls of the hold has been overcome by the use of a gathering arm which extends the reach of the boom to 45.3 metres from the jetty.

The machines ordered by China Light and Power are designed to unload at a maximum 1,100 tonnes an hour, but Babcock-Moxey has completed designs for a larger unloader which could unload coal at 2,500 tonnes an hour and iron ore at 6,400 tonnes an hour, the exact capacity depending on the density of the material.

The continuous ship unloader, Babcock-Moxey claims, is the fastest unloading system available in the world. The machines going to Hong Kong should be able to reduce the time between the opening of the ship's hatches to their closing by a third on conventional unloading methods.

Film and video

Culture and consequence

BY JOHN CHITTOCK

SOME new and rather profound arguments are surfacing about video and its relationship with film and other media. One of these concerns the dialectical question: "When is a video programme not a video programme?"

That particular question has caused some heated debate between members of the British Industrial and Scientific Film Association, which this year organised the International Video Festival and the British Sponsored Film Festival.

One view says that video programmes must have been largely originated on video (ie, through an electronic recording system); another says that it doesn't matter if it was shot on film, videotape or perforated sheets of paper from an adding machine as long as it is primarily intended to be distributed on video (eg, as videocassettes).

The discussion is initially important because it affects the rules of entry for festivals. Indeed, when is a video festival not a video festival? If a programme is made on video but transferred to film for optical projection, what is it? There are even deeper implications to what seems at first a silly argument — such as the dilemma of nomenclature in legal documents, and indeed the dramatic way in which our concepts of different media — film, television, video, even slides — is undergoing a great upheaval.

Which is where another argument arises. Is video going to cause any cultural changes in society? Peter Fiddick, television critic of *The Guardian*, said recently that he doubted it — although already he has joined the ranks of nearly every national newspaper now by starting a video column.

Last week he also reviewed the ITV and BBC Falkland videocassettes — one of which, from ITN and Granada, precedes any broadcast television documentary series which may follow on the commercial channel. In other words, the TV critic is reviewing — on video —a potential ITV series available to the public but well before it is broadcast.

Degrading

There is an even bigger cultural change occurring — if I take my dictionary definitions of culture which refer to arts and literature as well as the customs of people. Video is degrading the creative quality of the moving picture.

Because it is so easy to point a video camera and achieve a credible result, the disciplines of economy and planning which film used to impose have tended to decline. If I needed any reminder of this (which I didn't) it came when I made my own cultural readjustment last Thursday by viewing a whole batch of videocassettes before and after watching BBC's last episode of *The Battle for the Falklands*.

Quite intentionally, I chose a very mixed assortment—industrial video programmes, something for the home video market, a pilot for a children's programme, even two "promo" cassettes.

The first was a film. Or, pardon me, BISFA members, a videocassette copy of a film—*Local Life*, sponsored by The Brewer's Society. I missed the real film preview of this some time ago, and I am sure it looked better on the large screen.

But conditioned as I am to expecting documentaries on the small screen to be informative or enriching in some way, I found this no match for what TV does so well. *Local Life* is about the pub, that great British institution. With a miscellany of well-photographed and well-edited scenes of pub life (all the shots one expects to be there are there) it manages to say absolutely nothing nor provoke any feeling at all.

As a potential customer for a personal computer, I turned with fresh hope to *Understanding Microcomputers* (sponsored by Systematics International). This has plenty to say. Indeed, the word count would be rather intimidating. Unfortunately, there just aren't enough visuals to go with it—especially at those critical moments when, as something is being explained, quite naturally one expects to see it too.

Which is a pity because the programme is well presented by the people who appear in it, and the subject—especially for the small businesses to which it is aimed—is important. I emerged convinced by the *leit motif* (seek advice before buying computers) but still rather confused about how they actually work in a business environment.

FT COMMERCIAL LAW REPORTS

Coal Board pension scheme not liable for VAT

NATIONAL COAL BOARD v COMMISSIONERS OF CUSTOMS AND EXCISE

Queen's Bench Division: Mr Justice Woolf: July 30 1982

WHERE AN employees' pension scheme provides that the employer's contribution is to be calculated on a basis which takes account of the cost to him of operating the scheme, a reduction in contributions to take account of his supply of services to the scheme's administrative body is not consideration for such supply and accordingly does not render him liable for value added tax.

Mr Justice Woolf so held when allowing an appeal by the National Coal Board from a tribunal decision that the board was correctly assessed for VAT by the Commissioners of Customs and Excise in respect of one of two pension schemes operated for the benefit of the board's employees.

Section 2 of the Finance Act 1972 as amended provides that VAT shall be charged on the "supply" of services by a taxable person. Section 6 provides: "(2)(a) 'Supply' includes all forms of supply, but not anything done otherwise than for a consideration. (b) . . . anything which is not a supply of goods but is done for a consideration . . . is a supply of services."

* * *

HIS LORDSHIP said that the board operated two pension schemes for the benefit of its employees. They were the Mineworkers' Pension Scheme and the Staff Superannuation Scheme.

The commissioners took the view that the board had been supplying administrative services under those schemes and assessed VAT at £912,466 on the mineworkers' scheme and £54,314 on the staff scheme, from May 1 1975 to March 31 1981.

The tribunal upheld the assessment on the mineworkers' scheme, but allowed the board's appeal in respect of the staff scheme. Tax had never been paid on the staff scheme. The tribunal distinguished between the two schemes because tax was paid on the mineworkers' scheme until 1975, when it was amended to be brought into line with the staff scheme and to avoid payment of tax.

The board now appealed against the tribunal's decision in respect of the mineworkers' scheme, and the commissioners cross-appealed in respect of the staff scheme.

Although the alleged motive for the alterations to the mineworkers' scheme in 1975 was a desire to avoid payment of tax, there was no suggestion that they were not genuine alterations, or that they did not reflect the reality of how the scheme was operated. It was wrong for the tribunal to take account of the board's motive. Whether value added tax was payable must be judged objectively, having regard to the terms of the schemes and the board's activities.

It was not possible to distinguish between the two schemes. Accordingly the arguments advanced by the board in relation to the mineworkers' scheme only would be considered, the decision as to that being equally applicable to the staff scheme.

Mr Gardiner for the board contended that its activities did not amount to a supply of services, or if they did, they were not services supplied for a consideration within section 6(2) of the Finance Act 1972. Mr Collins for the commissioners argued to the contrary.

Under the mineworkers' scheme the board had the task of collecting contributions and paying benefits. The management and administration of the scheme was the task of the Committee of Management.

The board, which had an interest in the successful operation of the scheme, performed its functions as principal and not in the capacity of agent to the committee. There could be no question of a supply in relation to functions carried out on its own behalf. The performance of such functions might benefit the committee, but they were not supplied to the committee because they were the board's own responsibility.

However, if the board performed functions which were the responsibility of the committee, then they were a supply of services to the committee and were taxable unless supplied "otherwise than for a consideration."

The board did supply such services and it was necessary to decide whether they were supplied for a consideration.

Clause 20(3) of the scheme provided that "the costs of management and administration by the board and the committee . . . shall be borne by the board"; but proviso (iii) to clause 2(1) provided that the total amount of the standard contributions payable by the board to the scheme should be reduced by a fair and reasonable sum having regard to "the costs of managing and administering the scheme," and to "the cost to the board of services rendered by the board in connection with . . . the scheme."

Mr Collins contended that the proviso allowed the board to set off charges against the amount of contributions payable by the board, and that was sufficient consideration to create a liability for tax.

Mr Gardiner contended that the proviso did no more than provide for abatement of the amount which would otherwise be payable by the board. He said that did not amount to consideration.

The answer depended on the proper construction of proviso (iii) to clause 2, together with clause 20. Clause 2 provided no more than a method of calculating the amount of the contribution to be made by the board to the scheme. Looked at as a whole the scheme was one whereby the board's contribution was to be calculated on a basis which took into account the cost of running the scheme.

The issues of supply and consideration were linked. With regard to that part of the board's activities which should not be categorised as a supply of services, the amount deducted under the proviso could hardly be regarded as a consideration. The fact that some charges which were not a consideration had to be deducted under the proviso was an indication that the other charges should also not be regarded as consideration.

On the construction of the schemes, the board's activities did not give rise to any liability to VAT. The decision could have been otherwise had the drafting of the schemes been slightly different. It was desirable that the statutory provisions should be altered so that in no circumstances would VAT be payable in respect of activities relating to a pension fund.

The appeal should be allowed and the assessment set aside.

For the board: John Gardiner QC (Ronald V. Cowles).
For the commissioners: Andrew Collins (G. F. Glook).

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

ADDED prize money of nearly £200,000 is on offer at York today, where the Benson and Hedges Gold Cup and Yorkshire Oaks dominate as good a card as any likely to be seen this season.

The French and Irish Derby winner Assert will be seen at 3.05 pm attempting to regain winning form against Mr Fluorocarbon and five others in the 1m 2½ furlongs Tobacco Prize; while half-an-hour later, Dick Hern saddles three of the seven runners for the big fillies' race. Here it is interesting to see West Ilsley's jockey Willie Carson opting for Swiftfoot in preference to Height of Fashion.

The third member of Hern's party, Cut Loose, is ridden by the long-time stable jockey Joe Mercer. It was a year ago that Mercer teamed up with Cut Loose's owner, Sir Jakie Astor, and Hern to spring a 28-1 surprise in the St Leger on Cut Loose's brother, Cut Above.

Although Mr Fluorocarbon's overall form is hard to fault, I rather doubt him having the pace to get in a decisive blow against Assert. Assert was in no way disgraced when narrowly failing to hold an outstanding older horse, Kalaglow, at the end of the King George VI and Queen Elizabeth Diamond Stakes, and may prove even more effective over this slightly shorter trip. I expect Eddery, deputising for the sidelined Christy Roche, to drive him for the line early in the straight.

Returning to the Yorkshire Oaks, Awaasif and Swiftfoot are the two who interest me most. Awaasif looked extremely ill-at-ease on the gradients and camber at Epsom before rapidly making up ground on the climb to the Oaks finish; while Swiftfoot, Whitefoot's daughter, recently came right back to her best in defeating Prince's Polly in the Irish Guinness Oaks. Swiftfoot may just hold Awaasif.

YORK

2.00—Bacchus Boy
3.05—Assert**
3.35—Swiftfoot***
4.10—Muslah
5.15—Return To Me*

TELEVISION

Tonight's Choice

Two very different views of courtship are in competition with each other tonight. ITV clears the schedules (by moving Selina Scott and friends to 9) to make way at 9.30 for the story of Anton Chekhov's long-range (by post) courtship of actress Olga Knipper at the turn of the century. The play—A Wife Like The Moon—is mainly based on the letters they exchanged and promises an unusual insight into the life of this great Russian playwright. The versatile Prunella Scales plays Olga, with Michael Pennington as Chekhov.

Over on BBC-1 at 10.15 (which therefore clashes with the Chekhov love story) is a repeat of Carol Bunyan's play Sorry. This has Nicholas Ball adopting a considerably more aggressive "courtship" tactic during one office lunch-hour—with unexpected results.

Earlier, a refugee from early morning schools broadcasts gets a rare chance at peak-time viewing. BBC-1 is showing the first part of three parts at 8.05 of J. B. Priestley's classic thriller An Inspector Calls. Having originally been produced for schools viewing, it just shows what you miss by being at work.

Meanwhile, Radio 4 at 8.20 recalls the Dieppe raid which took place 40 years ago. Frank Gillard, in Reconnaissance in Force, was the original BBC war correspondent who covered the controversial and ill-fated raid. Tonight he looks back on what happened and why it went wrong.

DAVID CHURCHILL

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.10 The Drak Pack. 9.30 Jackanory. 9.45 Take Hart. 10.05-10.30 Why Don't You? . . . 1.00 pm News After Noon. 1.30-1.45 Bagpuss. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Hong Kong Phooey. 5.05 John Craven's Newsround.

5.10 Animal Magic.
5.40 News.
6.00 Regional News Magazines.
6.25 Tom and Jerry cartoon.
6.30 Kickstart: Motorcycle trials competition for the Lombard Telcity Trophy.
7.05 The Show Me Show: Surprises galore with John Craven and Maggie Philbin.
7.35 Hi-De-Hi!
8.05 "An Inspector Calls" by J. B. Priestley (the classic thriller in three parts).
8.35 Taxi.
9.00 News.
9.25 Dust to Dust: Investigation of byssinosis; a crippling occupational disease with the Lancashire cotton industry.
10.15 Sorry by Carol Bunyan starring Nicholas Ball, Meg Davies, June Brown.
11.55-12.00 News Headlines.

BBC 2

6.40-7.55 am Open University.
10.30-10.55 Play School.
†5.40 pm Laurel and Hardy Double Bill.
6.20 The Philpott File.
6.55 Six Fifty-five Special.
7.30 News Summary.
7.35 Arthur Negus Enjoys Weston Park.
7.55 The Past Afloat.
8.20 John Ford Season: "Cheyenne Autumn" starring Richard Widmark.
10.50-11.40. Newsnight.

LONDON

9.30 am Rocket Robin Hood. 9.50 Wild, Wild World of Animals. 10.15 The Nature of Things. 11.10 The History Makers. 11.30 Paint Along with Nancy. 12.00 Pullover. 12.10 pm Let's Pretend. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Emmerdale Farm. 2.00 A Taste of China. 2.25 Racing from York covering the 2.30, 3.05 and 3.35 races. 3.50 Father Dear Father. 4.20 Runaround. 4.45 What's Happening. 5.15 The Real World.
5.45 News.
6.00 Thames News with Rita Carter and David Bellin.
6.25 Help! with Viv Taylor Gee.
6.35 Crossroads.
7.00 Looks Familiar: Denis Norden and his guests Percy Edwards, Bernard Miles and Spike Milligan take a trip down Memory Lane.
7.30 The Video Entertainers.
8.00 The Streets of San Francisco.
9.00 News.
9.30 A Wife Like the Moon.
11.15 Granada Band of the Year Contest 1982.
12.15 am Close: Sit Up and Listen with The Reverend Peter Lewis.
† Indicates programme in black and white

All IBA Regions as London except at the following times:

ANGLIA

9.30 am Sesame Street. 10.30 The New Accelerators. 10.55 Joe 90. 11.20 Speedway. 12.30 pm Gardening Time. 1.20 Anglia News. 1.30 Emmerdale Farm. 3.50 Robin's Nest. 6.00 About Anglia. 7.00 Survival. 12.15 am Tuesday Topic.

BORDER

9.30 am Larry the Lamb. 9.40 Evolution. 10.00 Cool McCool. 10.20 Survival. 10.40 Bailey's Bird. 11.00 3-2-1 Contact. 11.30 Spiderman. 1.20 pm Border News. 3.50 A New Kind of Family. 5.15 Happy Days. 6.00 Lookaround Tuesday. 7.00 Robin's Nest. 8.00 Simon and Simon. 12.15 am Border News Summary.

CENTRAL

8.55 am Our Incredible World. 10.20 The National Youth Jazz Orchestra in Concert. 10.45 The Incredible Hulk. 11.30 The Crazy World of Sport. 12.30 pm The Young Doctors. 1.20 Central News. 3.50 Robin's Nest. 5.15 Mork and Mindy. 8.00 Crossroads. 6.25 Central News. 7.00 Private Benjamin. 8.00 Magnum.

GRAMPIAN

9.30 am First Thing. 9.35 Sesame Street. 10.35 Project UFO. 11.30 Zoom the Dolphin. 11.55 Undersea Adventures of Captain Nemo. 12.30 pm Gardening Time. 1.20 North News. 3.50 Clegg's People. 6.00 Summer at Six. 7.00 Robin's Nest. 8.00 Simon and Simon. 12.15 am North Headlines.

GRANADA

9.30 am Larry the Lamb. 9.40 Evolution. 10.00 Cool McCool. 10.20 Survival. 10.45 Bailey's Bird. 11.05 3-2-1 Contact. 11.35 Spiderman. 1.20 pm Granada Reports. 2.00 Hands. 3.50 Paint Along With Nancy. 5.15 Happy Days. 6.00 This Is Your Right. 6.05 Crossroads. 6.30 Granada Reports News. 6.35 Family Trees. 7.00 Robin's Nest. 8.00 Simon and Simon.

HTV

9.40 am Sesame Street. 10.40 Tuesday Morning Feature Film: "Cry Of The Wild." 12.30 pm Gardening Time. 1.20 HTV News. 3.50 Survival. 5.15 Diff'rent Strokes. 6.00 HTV News. 7.00 Robin's Nest. 8.00 Simon and Simon. 9.28 HTV News. 11.15 Ethnic Roots. 11.45 Granada Band of the Year Contest 1982.

HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm Ll stor Cl... 4.20-4.45 Ar Ei Ol. 6.00 Y Dydd. 6.15-6.35 Report Wales. 11.15-11.45 Welcome Back Kotter.

SCOTTISH

10.00 am Once Upon a Time . . . Man. 10.25 Bailey's Bird. 10.50 Angling Today. 11.15 Little House on the Prairie. 12.30 pm Gardening Time. 1.20 Scottish News. 2.50 The Real World. 5.15 Pet Subject. 5.20 Crossroads. 6.00 Scotland Today. 6.30 World Worth Keeping. 7.00 Robin's Nest. 8.00 Skin Deep. 12.15 am Late Call.

TSW

9.30 am Sesame Street. 10.30 Feature Film: "Cardboard Cavalier," starring Sid Field. 12.30 pm Ability Is Where You Look For It. 1.20 TSW Headlines. 3.50 Survival. 5.15 Gus Honeybun's Magic Birthdays. 5.20 Crossroads. 6.00 Today South-West. 6.30 Private Benjamin. 7.00 Robin's Nest. 8.00 Simon and Simon. 9.28 TSW Late News. 12.15 am Postscript.

TVS

9.30 am 3-2-1 Contact. 10.00 "East of Sudan," starring Anthony Quayle. 11.30 A Full Life. 1.20 pm TVS News. 3.50 Welcome Back Kotter. 5.15 Diff'rent Strokes. 6.00 Coast To Coast. 7.00 Robin's Nest. 8.00 Simon and Simon. 12.15 am Company.

TYNE TEES

9.20 am The Good Word. 9.25 North-East News. 9.30 Friends of My Friends. 9.55 The Music of Man. 10.40 Bailey's Bird. 11.05 The Nature of Things. 11.55 The Undersea Adventures of Captain Nemo. 1.20 pm North-East News and Lookaround. 3.50 The Rordans. 5.15 Survival. 6.00 North-East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Robin's Nest. 8.00 Simon and Simon. 9.30 North-East News. 12.15 am Links With Jesus.

YORKSHIRE

9.30 am Sesame Street. 10.30 "An Inspector Calls," starring Alastair Sim and Bryan Forbes. 11.45 Magilla Gorilla. 11.55 The Bubbles. 12.30 pm Superstar Profile. 1.20 Calendar News. 3.50 Calendar Tuesday. 5.15 Mr Merlin. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Robin's Nest. 8.00 Simon and Simon.

RADIO

RADIO 1

(S) Stereo broadcast (when on vhf)

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Peter Powell with the Radio 1 Roadshow in Eastbourne. 12.30 pm Newsbeat. 12.45 Dave Lee Travis. 2.00 Steve Wright. 4.30 Richard Skinner. 7.00 Talkabout. 8.00 David Jensen. 10.00-12.00 John Peel (S).

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 pm Ed Stewart (S) including racing from York. 4.00 David Hamilton (S). 5.45 News; sport. 6.00 John Dunn (S). 8.00 The Songwriters (S). 9.00 Listen to the Band (S). 9.30 The Organist Entertains (S). 9.55 Sports Desk. 10.00 The London Palladium Story introduced by Max Bygraves. 11.00 Brian Matthew presents Round Midnight (stereo from midnight). 1.00 am Encore (S). 2.00-5.00 You And The Night And The Music (S).

RADIO 3

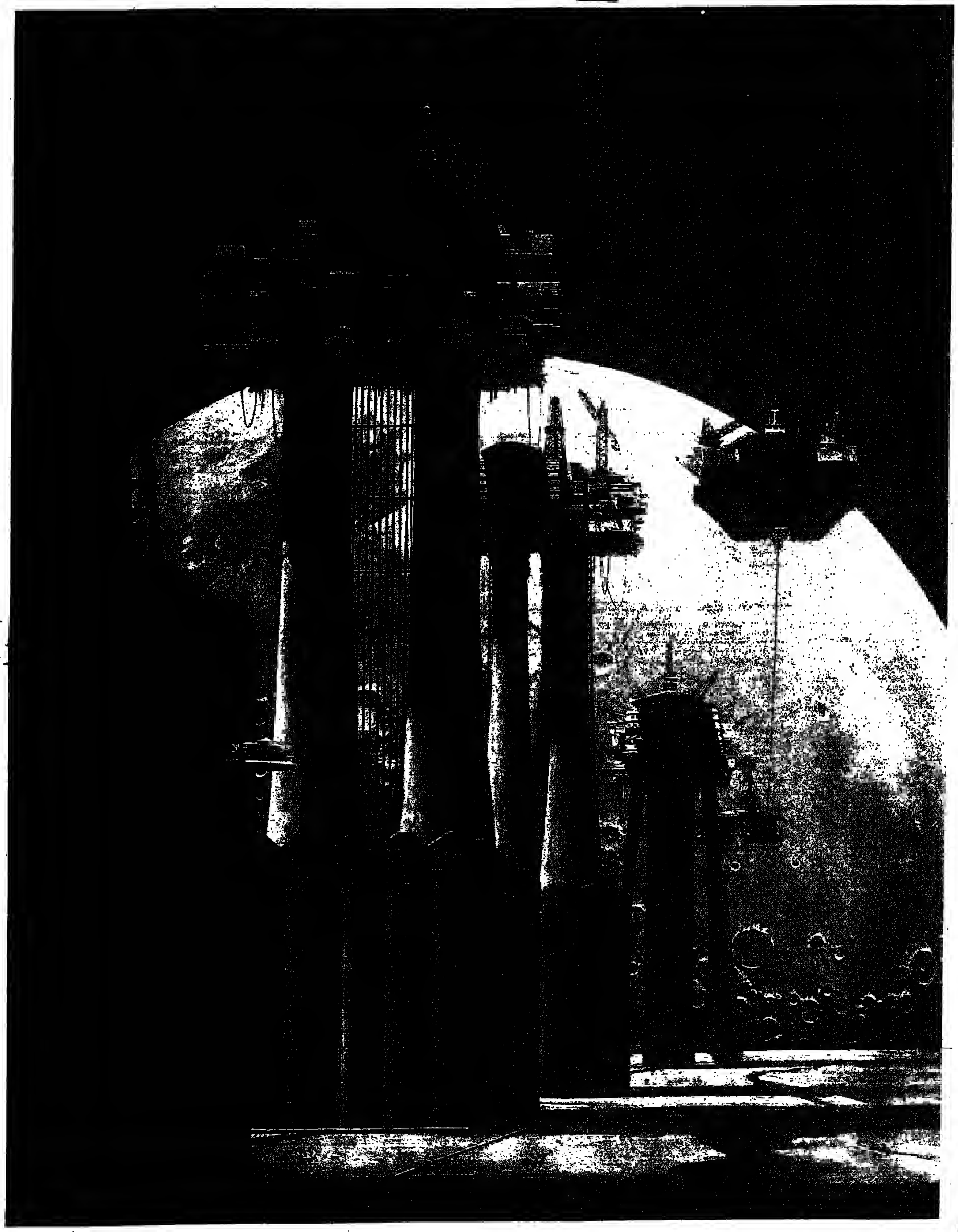
6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Cherubini (S). 10.00 Mozart and Ferguson chamber music recital (S). 10.40 Pfitzner and Reger (S). 11.50 Music for Guitar (S). 12.15 pm BBC Northern Symphony Orchestra, part 1: Debussy, Lalo (S). 1.00 News. 1.05 Six Continents. 1.25 BBC Northern Symphony Orchestra, part 2: Balakirev (S). 2.00 Enesco Songs (S). 2.20 English Sinfonia (S). 3.00 Cheltenham Festival 1982 (S). 4.55 News. 5.00 Mainly for Pleasure (S). 6.30 Jazz Today (S). 7.00 Telemann (S). 7.30 Proms from the Royal Albert Hall, part 1: Ravel, Poulenc (S). 8.10 Modern Music and Society, talk by Alexander Goehr (S). 8.30 Proms, part 2: Stravinsky (S). 9.30 John Sparrow On . . . The Post Office. 9.45 Beethoven, part 1 (S). 10.30 Apocryphal Stories by Karel Capek (S). 10.35 Beethoven, part 2 (S). 11.15-11.18 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today. 8.43 The Road to Camberwell by Rosemary Sutcliff. 8.57 Weather; travel. 9.00 News. 9.05 Tuesday Call: Computers and Computing. 10.00 News. 10.02 From Our Own Correspondent. 10.30 Daily Service. 10.45 On Holiday with Jonathan Adams. 11.00 News. 11.03 Thirty-Minute Theatre (S). 11.33 Wildlife. 12.00 News. 12.02 pm You and Yours. 12.27 Quote, Unquote (S). 12.55 Weather, travel, programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 A Dance To The Music of Time (S). 4.00 News. 4.02 Who Composed What? (S). 4.10 Bon Voyage—Monsieur Sereur. 4.40 Story Time. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather, programme news. 6.00 News, including Financial Report. 6.30 Brain of Britain 1982 (S). 7.00 News. 7.05 The Archers. 7.20 Medicine Now. 7.50 Poor Britain. 8.20 Reconnaissance in Force: Frank Gillard recalls the Dieppe Raid of August 1942. 9.05 In Touch. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Paul Jones On Music (S). 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 A Chapter of Adventures. 12.00 News.

هكذا من الأعمال

What you're looking at is no Sea of Tranquillity.



Neither is it a scene from the imagination of some science-fiction artist (although we commissioned one of Britain's finest sci-fi artists to paint it).

It is what you would actually see if the waters of the North Sea suddenly became invisible.

Silhouetted against a huge moon are the four giant production platforms that form the core of the Brent oilfield.

The Brent Field, operated by Shell, lies far out to sea, roughly halfway between Scotland and Norway, and about 100 miles northeast of Shetland.

The painting shows *(from left)* the production platforms Delta, Charlie, Bravo and Alpha, each towering well over '00 feet above the seabed in its steel, or oncrete, socks.

They are built to withstand one-undred foot waves and winds gusting up 160 mph while continuing to collect oil id gas, 24 hours a day, from rock depths ing some two miles beneath the sea-floor.

Floating in the far distance *(bottom ight)* is the drilling rig Stadrill, prospecting or oil in another part of the Brent Field.

And riding the invisible seas with contemptuous ease *(top right)* is the 23,000 ton semi-submersible, pipe-laying barge Semac I.

FLAGS: a major new gas-gathering scheme in the North Sea.

We used Semac I to lay one of the world's longest, largest, deepest undersea pipelines. (The painting shows the pipe being fed over the stern of the barge and trailing down to the seabed.)

The pipeline is the backbone of a major new North Sea gas-gathering scheme known to the oil industry as FLAGS: Far North Liquids & Associated Gas System.

It will enable us to bring ashore the substantial and hitherto untapped gas reserves of Brent and other oilfields in the northern North Sea.

The FLAGS pipeline, 36" across and made of steel coated with concrete, runs 280 miles along the seabed between the Brent Field and St. Fergus in Scotland.

Laying it was an astonishing feat.

The North Sea is no millpond. It is quite the most hostile stretch of water the oil and gas industry has ever tackled.

Much of the pipeline was laid in appalling weather: force 10 gales, thick fog rolling in the troughs between giant waves, zero visibility.

The FLAGS system will before long be supplying some 12% of Britain's gas needs. (The Brent Field already supplies about an eighth of Britain's oil.)

But neither statistics nor adjectives (nor the vastness of our operating costs) can ever give you a real sense of the scale and scope of our work in the North Sea.

The Brent Field: an offshore oiltown.

The Brent Field, for instance, does not simply consist of the four great platforms attended by a pipe-laying barge and a drilling rig or two.

Several other giant structures (like the floating oil-storage and-loading facility, Spar) are nearby. And platforms may be attended by 'flotels' (floating hotels) and semi-submersible diving barges.

Tugs, tankers and supply boats ply the surface, the latter bringing in everything from drill-pipe, cement for well-casing and drilling mud, to food and fuel.

Under the surface, mini-subs and diving-bells are at work. While in the skies, helicopters constantly come and go, bringing in vital tools and flying drilling crews and other technicians in and out.

Our platforms and rigs are crewed by over 3,000 men, who manage to tuck away well over 100 tons of food each week.

Power to keep the big platforms working is generated by turbines similar to those which fly large jet aircraft.

Computer banks continuously receive and process information about subsea oilwells and the many working functions of each platform, key data being relayed simultaneously to the platforms and Shell headquarters in Aberdeen.

The cost of these operations is so immense that it beggars description.

One way of putting it is that Shell's expenditure in the North Sea has amounted to more than half a million pounds per day, every day for the last eighteen years.

When we add up our chequebook stubs, our total investment to date works out at more than £4,000 million in 1981 money. Those figures double when you include the sums invested by us on behalf of our partners.

A conquest to rival the moon-landings.

Although there are projects which cost more, in terms of sheer technological innovation there is no other achievement on earth to match the conquest of the North Sea.

We have pushed back the limits of technology so far that the only feat which invites comparison is otherworldly: the placing of the first men on the moon by NASA's Apollo space programme.

As a matter of fact, the computer-room that monitors our operations has a great deal in common with that famous control-room in Houston.

And Shell is proud to be in the forefront of an endeavour which only twenty years ago, would have been dismissed as pure science-fiction.

You can be sure of Shell

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

A marriage of commercial and academic minds

BY TIM DICKSON

PICTURE first a slightly darkened laboratory in which two academics—one a professor, the other a senior researcher—are diligently bent over a cramped workbench. Surrounded by sophisticated measuring devices and a string of other interrelated electronic components the two are carefully monitoring the results of their latest experiment.

Then two businessmen enter the scene. They recognise the commercial possibilities of the academics' project, begin packing the bits and pieces into a single box and then sell them to companies all over the world at £40,000 to £45,000 a time.

This, in a nutshell, is how the results of years of patient optical communications research by Professor Alec Gambling and Dr David Payne of Southampton University were transformed from prototype to product and then into a highly commercial and, its founders hope, dynamic enterprise.

The company founded on the project is York Technology, which last month attracted national recognition when, out of almost 120 entrants, Gambling and Payne won the £50,000 first prize in the British Technology Group's Academic Enterprise Competition.

The competition was intended to encourage more academics to consider setting up companies to exploit the results of their research. Time and again, it has been said, good ideas are developed in the UK, neglected by home-based industries, and then snapped up by foreign competitors which all too gleefully bring them to the market place and reap the commercial rewards.

The experience of the two Southampton University men illustrates how the gap between academic institutions and the business world in the UK can be satisfactorily bridged and how a small company can be an ideal environment for developing products in the high technology field.

York Technology, which was set up in November 1980 and is now housed in a former sausage factory outside Winchester, in Hampshire, is primarily the story of a business partnership between internationally respected academics and a team of entrepreneurially minded businessmen who left safe jobs in more established organisations.

The other two UK directors besides Gambling and Payne are Lord Downe and Dr Ed Kluth, respectively chairman and former managing director of Brookdeal Electronics, a UK subsidiary of the giant U.S. electronics and energy group, E.G. and G. There are also two Americans on the board, both of whom used to work with Princeton Applied Research Inc.

Downe and Kluth were essentially the instigators of the business plan. They saw the opportunity to get a new venture off the ground by combining their financial and marketing expertise with the academics' proven technical abilities.

Half York Technology's £200,000 of capital was subscribed by the six executives and a handful of key employees, with the balance made up by Downe's individual and institutional contacts. Gambling and Payne each own 5 per cent of the shares.

Gambling explains that as academic researchers he and Payne "are primarily concerned with long-term work, addressing the needs of industry as they will be in say five to 10 years' time."

Like other teams in the Department of Electronics at Southampton University, however, his optical communications group does look for, and come across, more immediate commercial applications. From one of these York Technology was born.

"Over the years the Department has sold a number of products through its industrial unit to big companies. Typically we have patented the idea here and then we sell our time on a consultancy basis," he says.

Hugh Routledge

Directors of York Technology: (left to right) Harry Reichard, Ed Kluth, Alec Gambling, Lord Downe, and David Payne

"These tentative commercial contracts had given us a certain commercial awareness. A couple of years ago we realised that the optical communications group had what we thought was a highly marketable product. We got the impression from talking to a number of outsiders that big companies probably would not be interested. It was Ed Kluth at Brookdeal who suggested that the best way ahead was to form our own business."

The product which inspired this happy meeting of academic and commercial minds is today called the Preform Analyser 101. For years Southampton University had been developing its own "optical fibres"—thin glass fibres used to guide light waves from A to B. Such fibres are widely expected to overtake copper wires and electric currents as the cheapest and safest way forward in communications and telecommunications.

The Preform Analyser, developed from a prototype on the laboratory workbench, is designed to analyse preforms—large half metre cylindrically shaped composite glass structures from which thin filaments of glass are drawn to make the fibres.

The big problem with the Preform Analyser is that the international market is somewhat limited. There are only a handful of fibre optics manufacturers in the major industrialised countries and though their output is expected to increase dramatically in the next few years this will not be accompanied by a commensurate rise in demand for York's measuring equipment.

To match its ambitions right from the beginning York had to think about a second generation of products, something which it thinks it has achieved in the form of the FCm Fibre Characterisation System.

Consisting of two basic units and a series of measurement modules so that the system can be adapted to a specific user's requirements, the FCm has been designed to appeal to manufacturers, cablers and end users of fibres and will, if all goes according to plan, take the company into much bigger, if potentially more competitive, markets.

In particular, the company has high hopes for the North American market. It already has a sales outlet there but ultimately plans to go into production.

Whereas the Preform Analyser was patented at the university and the manufacturing rights transferred to the company via the British Technology Group (BTG), which takes a royalty on sales, the FCm 1000 is by contrast the first independently produced York product. It has been built on the back of a variety of different technologies—one of the modules, for example, was patented by Plessy and is manufactured by York under licence.

The key factor with York, nevertheless, undoubtedly lies in its special realtionship—what the company calls its "interaction"—with the Southampton team.

Kluth is adamant that the "interactive environment" of a small company could not have been matched by a large organisation. "It is horses for courses," he explains. "Some products need the resources of a big company and can be developed over a number of years. This one did not open up a big enough market for a big group and, what's more, it could not wait."

Kluth says Gambling's and Payne's contributions are wide and varied — ranging from direct help in product design (for which the Department at Southampton is paid if the work takes place in university time) to discussions on future strategy over a bottle of wine in the evening.

For their part Gambling and Payne are delighted by the window on to the outside world, which their relationship with York gives them.

Their formal participation in York, moreover, has allowed them to build up close personal relationships with other members of the company and thereby allay the suspicion which so often hampers contact between the academic and industrial worlds.

Gambling, meanwhile, points out very firmly that he and Payne are academic researchers, not businessmen.

"We do not, nor should we, intend to become the R and D department of a commercial operation. Our job is rightly to carry out long-term research which is not constrained by the requirement to find immediately profitable applications." Having said that, York's success is already encouraging the same team to take its experiment a stage further—by setting up a second company to exploit another area of technology which the two academics are currently working on.

'Friendly' loans fill a gap

AUNT AGATHA (or a near relative) is alive and well—and living in Croydon.

That at any rate, is the message from BSC Industry, the job creation arm of the British Steel Corporation which has handed out nearly £2.5m in "soft" or "friendly" loans over the last 12 months.

"These friendly loans are of the kind your Aunt Agatha might give if she believed in you and you needed the money," explains John Dunbar, chief executive of BSC Industry which has its headquarters in Croydon. "They have helped the creation of many jobs through making projects happen which otherwise would not have got off the ground because normal commercial finance was unavailable."

Although traditionally she looks for an equity stake, Aunt Agatha in her BSC Industry guise has been making loans of between £500 and £100,000 at interest rates ranging from nil to 15 per cent. Typically interest has been charged at 10 per cent. Each loan is tailored to suit the needs of the individual borrower, and the term—anything from four months to five years so far—is designed to be just as flexible as the other conditions.

BSC Industry started offering this little publicised service a year ago to replace other forms of assistance, notably peppercorn leasing. Dunbar points out that so far this time loans have proved just as acceptable to small companies as grants and are obviously more attractive to his organisation because they can be recycled. This takes on a fresh significance given that the British Steel Corporation is due to end its funding of BSC Industry in 1984.

Although some clearing bankers would clearly beg to differ, "friendly" loans such as these, and others more widely available under the Government's loan guarantee scheme fill what many have identified as the biggest financial gap in the market. This arises when a project does not have the high growth potential to attract equity capital and commercial banks have reached the limits of their exposure.

BSC Industry says there is still plenty of "soft" money available at preferential rates. All types of company are welcome to apply, regardless of size, though they must be located, and create jobs, in one of the following steel closure areas: Motherwell, Glengarnock, the Tolleross area of Glasgow, Consett, Hartlepool, Workington, Scunthorpe, Corby, Shotton, Cardiff, Ebbw Vale, Newport and Port Talbot. Contact one of its regional offices or BSC Industry, at 12 Addiscombe Road, Croydon, Surrey CR9 3JH. Tel: 01-686 0366.

Tim Dickson

In brief . . .

DEVELOPMENT CAPITAL Group, the institutionally backed venture and development capital company chaired by John Bolton, is stepping up its regional presence.

The group's plan is to set up a series of joint operations with people and organisations who know a local area well.

"The smaller business often has close local ties and associations, whether it operates in regional, national or even international markets," comments Bolton, who headed the famous 1971 Inquiry on Small Firms.

"Raising money on one's home ground can sometimes be preferable to dealing with institutions in London," he adds.

The first regional office—Development Capital (Midlands)—has already been opened in Birmingham with 40 per cent of the equity owned by Searson Associates, a locally based business consultant.

Development Capital is now looking for partners in the Bristol/South West area, Liverpool / Manchester, Glasgow/Edinburgh, Yorkshire/North East and the East Midlands/East Anglia. It does not discount the possibility of establishing offices in other major business centres.

Over 90 per cent of the company's present portfolio of 30 or so businesses are at the moment located outside London but Bolton believes that more arrangements along the lines of the Birmingham set-up "will enable us to service even more companies, especially where funding is required in the £100,000 to £200,000 range."

Development Capital was set up about 10 years ago by a team of experienced businessmen and aims to help in the development of both established companies and new ventures. The group got off to a slow start but has become much more active in the last four to five years with direct funds invested now totalling something over £15m. Money for the group's investments comes from a variety of leading institutions.

Capital is subscribed in the way "which best suits the circumstances of the company involved" and may be in the form of loans, debentures, preference shares and ordinary shares, or a combination of these. Development Capital always puts one of its own team on the board as a non-executive director. *88 Baker Street, London W1M 1DL. Tel. 01-486 5021.*

●

SOME 217 enquiries from 202 firms were received during the first two months of the new Small Firms Technical Enquiry Service. Launched on June 10, this free service gives confidential help on technical problems to any manufacturing firm in England, Scotland and Wales with less than 200 employees. So far 86 of the enquiries, which have come mostly from companies in the mechanical and electrical engineering sectors, have been completed.

The Government has set aside £2.2m for the Service which is operated for the Department of Industry by the Melton Mowbray based Production Engineering Research Association. Contact PERA on 0664 64133, Ext 444.

●

A SHORT LIST of 12 has already been selected from the 270 small manufacturing companies which entered the Hill Samuel Anniversary Awards competition — launched earlier this year to mark the merchant bank's first 150 years.

The total prize fund of £150,000 is one of the richest "pots" of its kind. Eventual winners will be announced in October.

●

A USEFUL GUIDE for the aspiring entrepreneur, "Going into Business," has been published by Arthur Andersen and Co. The guide outlines the major tax and financial consequences of making such a move and, although printed in May, contains the main legislative proposals in the Finance Bill. It does NOT contain a list of sources of finance or advice. Available free from any Arthur Andersen office.

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English principals, own 2 new houses for sale or rent in Kelowna, beautiful Okanagan Valley. 380,000 Canadian dollars or sell separately. Willing to build or manage residential houses, apartments, motels, etc., for European companies, individuals or syndicates.
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VENTURE CAPITAL REPORT, 2, The Mall, Bristol. The link between investment funds and small businesses. Investors and entrepreneurs ring (0272) 737882.

£1 A WEEK FOR EC2 ADDRESS combined with phone messages and telex under £4 a week. Prestige offices near Stock Exchange. Message Minders International 01-628 0898. Telex 8811725.

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ESTABLISHED COMMISSION-AGENT or Importer required in Great Britain, France and Germany to sell a high quality synthetic chamois leather to all outlets. Inq.: ALPEX, 't Sarclaeslel 7, 2130 Brasschaat, Belgium.

FRANCHISE WORLD MAGAZINE and Directory with the best business opportunities. Franchise World, James House, 37 Nottingham Road, London SW17 7EA. Tel. 24-hour 01-767 1371.

PLANT AND MACHINERY

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NEW ZEALAND AUCTION
MACHINE TOOLS AND POWER PRESSES
under instructions from **Ford Motor Company of New Zealand Limited.**
due to change of manufacturing activities
Transmission and Chassis Plant Plunket Avenue, Wiri, Auckland, N.Z.
Auction on site
WEDNESDAY 8th SEPTEMBER 1982, at 10.30 am
GILDEMEISTER Type ASH225 6 spindle AUTOMATIC CHUCKING machine, max. chuck dia. 225mm, max. turning length 225mm
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CINCINNATI MODEL 340-20 twin grip centreless GRINDING machine
CINCINNATI MILACRON HEALD 222A double ended horizontal BORING machine
THOS. RYDER MODEL 185 Rydermatic vertical CHUCKING LATHE
LANDIS MODEL 4R 10in × 24in plain cylindrical GRINDING machine
NAGEL type BSM-H duplex DISC GRINDER
NAGEL type SFB-8m single spindle VERTICAL HONING machine
BLISS 25 600 ton single crank double column knuckle joint COINING PRESS
CHURCHILL REDMAN MODEL P5 13in × 20in profile TURNING LATHE
CHURCHILL motorised 24in × 13in ROTARY SURFACE GRINDER
KINGSBURY type medium gear box transmission test rig DYNAMOMETER
ELGA optical jig BORING machine
POLLARD CORONA DRILLING machines: 4 & 6 station and multi column single spindle etc. KEARNEY AND TRECKER MILLING machines: 5 MILWAUKEE 1244 horizontal, twin spindle rotary table; SNYDER; CINCINNATTI. PRESSES: MOORE, UEB & PONGRASS. Plus other machines.
INSPECTION: Thursday 2nd, Friday 3rd, Monday 6th, Tuesday 7th September 9 am–4 pm and from 8 am day of sale.
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APPOINTMENTS

Expansion at UCM

UNITED CITY MERCHANTS has established a commodity division, in addition to its international trading, confirming, timber and leather businesses. It has purchased the business and staff from Commodity Analysis including the full set of London commodity floor seats owned and operated by them.

The board appointments of the two main companies are: COMMODITY ANALYSIS (BROKERS): chairman, Mr R. N. A. Wood (managing director, Unity City Merchants); deputy chairman, Mr D. S. Fuller (director, Commodity Analysis, Chart Analysis, CAL Investments); managing director, Mr D. W. R. Harland (director, Commodity Analysis, Chart Analysis, CAL Investments); directors, Mr S. P. Ball, Mr T. K. Entwisle (director, CAL Investments), Mr G. M. King, Mr A. J. Lawrence (director, United City Merchants), Mr J. D. Leigh-Pemberton and Mr J. P. Metcalfe. COMMODITY ANALYSIS (TRADING): chairman, Mr Wood; managing director Mr Harland; directors, Mr Lawrence, Mr D. R. Pascall, Mr R. Williams and Mr B. H. Woodbridge.

*

Earl of Burford, Mr Ian Marshall, Count Alexander Bathory and Mr Nigel Perfect have been appointed directors of TRADE AND COMMERCIAL CREDIT CORPN.

*

Mr Paul Headland has been appointed to the board of MOLINARE as director of audio. He was head of audio facilities.

*

Mr James Essor has joined PLANNING RESEARCH SYSTEMS as director.

*

Mr C. H. Jang has been appointed general manager of the CHO-HEUNG BANK in London to succeed Mr C. C. Cho who is returning to Korea.

*

The Minister of State for Consumer Affairs has appointed Mr John Hughes and Mrs Caroline Jackson to the NATIONAL CONSUMER COUNCIL. The appointments began on July 12 and will last for three years.

*

Mr C. G. Holland, formerly financial director of the ARTHUR LEE GROUP and Mr N. H. W. Lee formerly managing director of the operating company, Lee Steel Strip, have been appointed assistant managing directors of the group from September. Mr Holland will retain his responsibilities for finance, personnel and administration. Mr N. H. W. Lee will relinquish his appointment with Lee Steel Strip and undertake special responsibility for group and operating company development. Mr G. Holst, formerly group sales director, is appointed group marketing director.

*

Dr Eric Milliman Hunt has been appointed non-executive chairman of THOMAS SWAN AND CO., Consett. He is chairman of the Plastics and Rubber Institute.

*

Mr James G. Pickering has been appointed managing director of NEI MINING EQUIPMENT which comprises Boldwin and Francis, Reyrolle Belmos, Mackley Pumps and Clayton Equipment. He was director and chief executive of The Wallacetown Engineering Company, a subsidiary of Simplex-GE.

*

Mr A. R. Lawson has joined the board of R. KELVIN WATSON as a non-executive director. He is chairman and chief executive of the Hollas Group.

*

Mr Tony Atkins has been appointed managing director of ANGUSSACOL LADDERS, Southampton.

*

Dr Harry Masheter and Dr Terry Eaves have been appointed to the board of MERRELL PHARMACEUTICALS.

*

Mr Haydn Webborn has been appointed chairman of the UNIT INSPECTION COMPANY. He was formerly general manager and his appointment follows the recent acquisition of a major shareholding in the company by INSPECTORATE INTERNATIONAL of Switzerland. His previous position has now been filled by Mr Vivian Peters, who also joined the board of the restructured company.

Mr Richard Ide, director of V.A.G. (United Kingdom) responsible for the M.A.N. trucks

Following formation of a heavy commercial vehicle division, VAG (UNITED KINGDOM) has appointed a director to take responsibility for its operation. Mr Richard Ide will be responsible for the marketing of all heavy trucks, buses, and coaches produced by MAN and the MT range of medium trucks produced jointly by Volkswagen and MAN. He is currently director of marketing at International Harvester Corp based in Brussels, with responsibility for truck business in Europe, Africa and the Middle East. He goes to the Swindon headquarters of MAN Truck and Bus on September 1.

*

Mr C. M. Mosselmans and Mr J. N. Duncan have been appointed deputy chairmen of SEDGWICK GROUP.

*

Mr Michael Teacher, a director of Welbeck Investments, has joined the main board of SIR JOSEPH CAUSTON AND SONS. Mr Henry Prevezer, chairman of Welbeck Investments, has declined an invitation to join the Causton board and has retired as a director of Welbeck and its subsidiaries to concentrate on his other business and professional activities.

*

DORMAN SMITH BRITMAC has appointed Mr Alf Burns as technical director. Dorman Smith is a member of the BICC Group.

*

Former MP Mr Paul Tyler is joining the board of GOOD RELATIONS (CORPORATE AFFAIRS) and has been appointed executive director of its newly formed public affairs division. Mr Hugh de Wet has become executive director of the new corporate communications division.

*

Mr Gordon Franklin has been appointed managing director of VAISALA (UK). He was sales and marketing manager of Rotheroe and Mitchell.

*

Mr Keith Ness has been appointed sales and corporate development director of HORNBY HOBBIES.

CONTRACTS

New work for L & N group

COMPANIES in the LONDON & NORTHERN GROUP have won £1.4m worth of new work in the Midlands and north west. Border Engineering's projects include mains extension in Lammonbie/Millhousebridge for Dumfries and Galloway Regional Council, while E. Fletcher (Builders) has a £448,000 job to construct a new pub at Westbury Park, Clayton, Newcastle (Staffs) for Allied Breweries.

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Also available are the established businesses of Alca Operations and Alca Leisure including a Membership Only pool club in central Manchester and the amusement arcade concession at Knowsley Safari Park.

The businesses are based in Middleton and Oldham, Lancashire, near to the motorway network and employ some 150 persons.

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For sale as going concern respected steel fabricators and erectors firm based in Leeds with easy access to motorway. Company has trained workforce and, an established customer base with order book. Assets include leasehold property, plant and machinery, stocks and work in progress.
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West Yorkshire BD1 3AD
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Retail Fabrics Chain North West
Offers are invited by the Receiver for a long established chain of six leasehold shops well known in Merseyside, Lancashire and Cheshire. Annual turnover approx. £2.5m.
Further details from the Joint Receivers, David Harrison F.C.A. and Robert Bradshaw F.C.A. 061-941 5221.
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Howard House, Lloyd Street, Altrincham, Cheshire WA14 2DE.

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We are a long-established, medium-sized Civil Engineering Contractor based in the Greater Manchester area. We enjoy excellent management and high liquidity. We are interested in acquiring the equity of a Civil Engineering Company which may have some liquidity problems and in particular should have some fairly substantial tax losses available. Would suit either an independent company wishing to avoid receivership or perhaps a holding company wishing to divest itself of a troubled construction subsidiary in return for cash. Early decision and confidentiality assured by personal attention of our Managing Director.
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Operating from a freehold factory site in Derby with 30 employees, selling mainly plastic framed double glazing, some aluminium and replacement window sales. Good forward order position. To be sold as a going concern.
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The Receiver and Manager, Roger Pedley
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Central Buildings
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wishes to acquire moderately successful trading company where managing owner wants to retire. Preferably situated in triangle London - Birmingham - Norwich, and allied to electrical, electronic or computer fields.
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Old established Hertfordshire company with t/o £400,000 including international brand product needs increased t/o and will consider sale or merger. Modern well equipped freehold factory with skilled staff. Strong financial position. *Write to:*
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Chartered Accountants, 72 London Rd, St Albans, Herts AL1 1NS

SMALL CTN GROUP FOR SALE
Multiple retail group has a CTN subsidiary of seven shops, turnover £1.5 million, for sale. For details write:
The Chairman Box G8213, Financial Times 10 Cannon Street, EC4P 4BY

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HOTELS AND LICENSED PREMISES

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Tuesday August 17 1982

Third World agriculture

THE THEORY that rapid industrialisation is the answer to most of the economic problems of the developing world has long been suspect. It has now been dealt another severe blow by the World Bank in its latest World Development Report, which puts most of the emphasis on the need for agricultural development in the poorest countries.

That is not to say that the policies of industrialisation, so dear to the hearts of development economists in the 1950s and 1960s, should be abandoned. But it does mean that, in many cases, priority should be given to agriculture. The most striking finding of the World Bank report, and one that is constantly underlined, is that rapid growth in the Gross National Product and agriculture of the poorest developing countries always go hand-in-hand.

Success in the agricultural field stimulates the entire economy, while failure in this sector inevitably undermines economic growth, as has happened during the past decade in the sub-Saharan African countries.

Priority

One has only to look at some of the statistics given in the report to understand how important it is for the economic planners to get their priorities right. About 75 per cent of the developing nations' population derives its livelihood from farming.

Agricultural exports account for about one-third of the developing countries' total merchandise export earnings and are still the main category of exports for more than two-thirds of these countries. Moreover, given current estimates for population and income growth, the demand for food in developing countries is likely to rise by at least one-third over the next 10 years.

Indeed, if nothing is done to raise the agricultural production of the developing countries, they will soon be in even greater difficulties than they are already. At the moment, only 8 to 9 per cent of the food consumed in these countries is supplied by imports. But any rise in these percentages, however modest they may seem, is likely to provoke serious balance of payments problems for most of the developing countries.

The industrialised countries, of course, have an essential role to play, since their trade and agricultural policies greatly influence the policy options of the developing countries. It hardly comes as a surprise to see the World Bank pick out the EEC, with its heavily subsidised and protected agriculture, as one of the villains of the piece.

But others in the developed world are not spared the rod. The U.S. has a less blatant system of protection, but its budgetary expenditure on agriculture as a percentage of agricultural value added—38 per cent—is very much on the same level as that of the EEC, and the Japanese, because of severe import restrictions which enable farmers to charge a domestic price for rice which is double that of the import price and even higher in the case of other cereals, are among the worst offenders.

Protection

The extent of the developed world's agricultural protection is underlined by a recent study by the International Food Policy Research Institute (IFPRI). This concluded that a 50 per cent reduction in the OECD countries' trade barriers against some 99 agricultural commodities would increase farm exports from some 56 developing countries by about 11 per cent, or by $3bn at 1977 prices. Nor can it be considered as normal that the developed countries' aid to their own agriculture should be eight to 10 times greater than their agricultural development assistance.

The developing countries themselves could do much more to develop their own agriculture. Most of them have allocated only about 5 to 10 per cent of their government budgets to agriculture in recent years. Their macro-economic policies, too, have often failed to provide farmers with adequate incentives to step up their production.

Not the least interesting conclusion of the World Bank report is the important role that purely economic incentives have played in stepping up agricultural production in both market-oriented economies such as Kenya and Brazil and centrally planned economies such as Hungary and China. Given adequate rewards, the farmers themselves will contribute substantially to the investment which the agriculture of the developing world so much needs.

Sabbatarians of the world, unite!

MR IAIN SPROAT, although only a junior minister at the Department of Trade, has come up with the most cheering assertion of the present Government's principles in this season of doubt by proposing that all legal limitations on shop opening hours should be abolished.

The idea of shop-as-you-please is attractive in itself, and those offended by the Government's line on immigration can also relish the irony of hearing a Minister exhorting us all to imitate the virtues of the Kenyan Asians. Quite right, too: a government which believes in enterprise should welcome immigrant vigour.

How will the natives take it, though? Not too well, to judge by the furious reaction of the Banking, Insurance and Financial Union to Barclay's modest initiative in finding enough volunteers to offer a limited service at 34 branches last Saturday morning. It has not only declared all resultant work "black" (an ineffective sanction, according to the management), but has threatened further action, and issued a special news-sheet on this threat to workers' rights.

Resentment

Bank staff can hardly expect to arouse the kind of public support enjoyed by the low-paid hospital ancillaries, since they are thought on the whole to have done rather well out of monetarism. Their past wage settlements have caused a good deal of envy and resentment, and sympathy will not be helped by some of the reasons published by BIFU for opposing Saturday opening.

"I have enough trouble getting up from Mondays to Fridays as it is" says one bank teller whom many of us may suspect we know personally — the one who also has difficulty keeping awake.

"I run a mobile disco on Friday nights—I need Saturday to recover" says another, perhaps in explanation. A pretty girl sends her photograph with four-legged-friend, explaining: "My horse wouldn't approve"; which makes it easy to believe a fourth, who says bluntly: "I don't need the money that badly."

All right, BIFU didn't mean it seriously, and there is no need to suspect that its militant reaction to Barclays represents a sinister Sabbatarian Tendency (in the Old Testament sense) to complicate labour relations. Indeed, the union is perfectly happy with six-day banking offering a full range of service for a full extra day, at a suitable price.

That price has been paid by the Trustee Savings Bank, which is offering six-day banking in one in-store branch by agreement with the union, and is now contemplating something more ambitious. The staff involved work a four-day, 30-hour week, with an 11 per cent loading on salary, and extra staff are required. Lloyds has offered similar terms in an in-store branch for years.

Open minded

More jobs, allied with more pay for less work, is an irresistible offer. It is not surprising that the shop-workers union, USDAW, long a strong supporter of limited business hours, recently softened its stance and set up a working party to study the implications of a more flexible approach.

This open-mindedness no doubt helped to encourage Mr Sproat, whose weekend comments seemed to suggest that only the law stood in the way of a general expansion of employment, turnover and indeed profits.

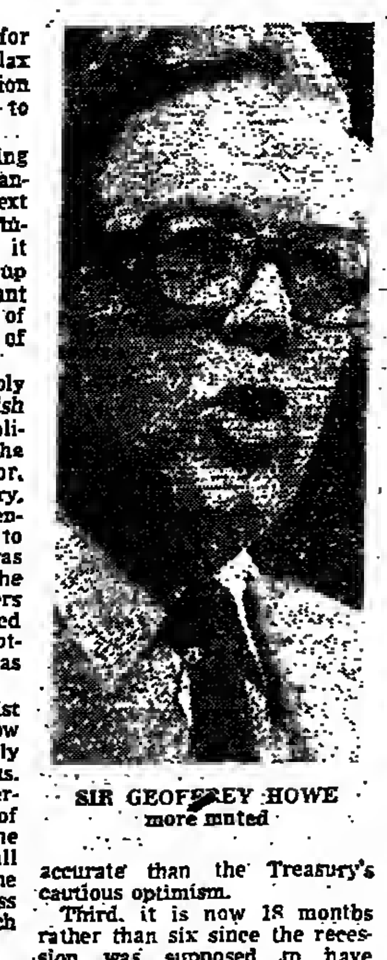
While we would hate to impede his campaign in any way, we must express some honest doubt about this bootstrap theory of economic expansion. Even the late Lord Keynes, the last man to subscribe to any lump-of-shopping fallacy, might have doubted whether simply opening shops at night or on Sundays would have such an effect on the propensity to spend as to revive trade on its own; and it might well increase costs.

However, we agree strongly with Mr Sproat that there is no need for the law to settle this question; the law of competition will do it. And if he wants to generate real popular support, what about the licensing laws?

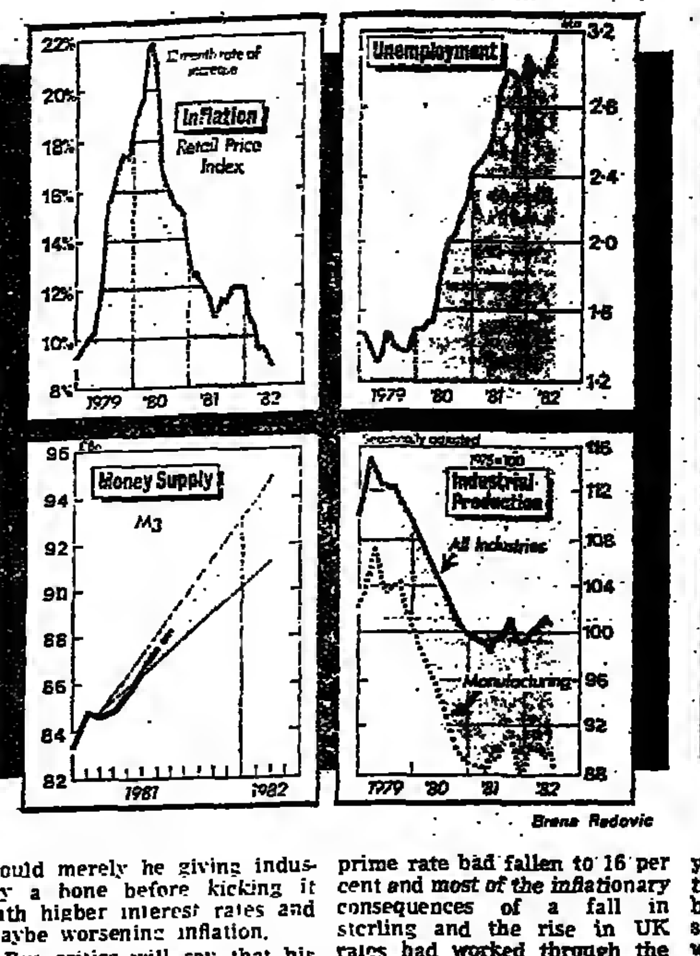
BRITAIN'S ECONOMY

The pressure to help industry

By Max Wilkinson, Economics Correspondent



SIR GEOFFREY HOWE more muted



Brena Redovic

SIR TERENCE BECKETT chorus of protest

HAS THE TIME come for the Government to relax its fight against inflation in order to give more help to industry and jobs?

The question will be facing Sir Geoffrey Howe, the Chancellor, when he returns next week from his holiday in Portugal. He may then find it increasingly difficult to stand up to Cabinet colleagues who want to use the current review of public spending as a way of changing course.

The issue was raised forcibly by the Confederation of British Industry just before the holidays; it was taken up at the week-end by Mr James Prior, the Northern Ireland Secretary, when he called for more encouragement to be given to industry; and the message was underlined yesterday by the Association of British Chambers of Commerce which warned that another wave of bankruptcies and redundancies was possible.

Even the broadly monetarist London Business School is now saying that recovery is unlikely without a Government stimulus. These appeals were underpinned by two important sets of official figures last week. The first showed an alarming fall in industry's output and the second showed that progress against inflation has been much better than expected.

The figures showed that industrial output fell by 1½ per cent between May and June. An even sharper fall in manufacturing industry brought production to its lowest level for 15 years, some 14 per cent lower than it had been when the Government took office.

On the other hand, the latest price index, published last Friday, showed that the forces of inflation have been weakening fast, with an annual rate under 9 per cent in July and the possibility of a rate of less than 7 per cent by the end of the year.

Both these developments have taken the Treasury somewhat by surprise: the news from the inflation front is much better than it dared to predict last autumn, while output now appears to be substantially weaker than had been hoped.

It was, after all, at the start of last summer's holiday that Sir Geoffrey told the House of Commons that the recession was over, with the turning point safely identified as the spring of 1981.

He immediately met with a chorus of protest led by the CBI's director general, Sir Terence Beckett, in what now seems a run up to this summer's tiff.

But there are at least three significant differences:

First, the Chancellor and his supporting ministers have been a good deal more muted this time round about the prospects for a recovery of output. They have concentrated rather on emphasising the longer term benefits of lower inflation.

Second, the CBI's gloomy predictions have gained authority from the fact that its warnings last year have proved more accurate than the Treasury's cautious optimism.

Third, it is now 18 months rather than six since the recession was supposed to have ended. Awaiting an upturn is mingled with a general anxiety about whether it will ever arrive.

These anxieties, set out yesterday in the Midland Bank's summer review have been reflected in a generally more pessimistic tone from economic forecasters. Most now believe that even with the help of North Sea oil output will grow by no more than 1 per cent this year. Some even say there will be no growth at all.

One of the main reasons for the forecasters' pessimism has been the alarming increase which has recently become apparent in Britain's propensity to import. At the same time the depressed outlook for world trade this year and the continuing difficulties of the U.S. economy have damped hopes for exports.

Those who always opposed the Government's monetarist prescriptions offer a simple prescription: the economy has been starved of demand, which could easily be provided by the well-tried remedies of increased Government spending or tax cuts or both. On this view the fact that government borrowing last year was some £2bn less than intended added an extra pull on to an already tight monetary rein.

But to a Chancellor whose first objective is to beat inflation there has seemed little point in pumping extra cash into the economy. Sir Geoffrey believes this would be dissipated in higher prices unless much of the money were syphoned out again through higher government funding designed to keep the money supply on target. He and the Prime Minister believe that this would merely be giving industry a bone before kicking it with higher interest rates and maybe worsening inflation.

But critics will say that his hopes of promoting a natural regeneration of the economy under the therapeutic influence of lower interest rates have so far produced only a series of false starts too weak to give any momentum to the recovery.

To the practical politicians in the Conservative Party it is evident that unemployment is still rising, output is faltering and industry is exceedingly gloomy while a general election date is drawing nearer. They are anxious that the strategy may be simply running out of time, and they will increasingly ask what has gone wrong in the last 12 months.

The first setback came only two months after Sir Geoffrey's celebrated remark about the ending of the recession. By the autumn of last year, acute pressure on the pound showed that the UK could no longer maintain its policy of low interest rates while the U.S. prime lending rate had climbed to over 20 per cent. In October the Bank of England forced the clearing banks to increase their base lending rates by 3 percentage points to 17 per cent.

Rates were then 5 points higher than they had been after the 1981 Budget, when the Chancellor set out on his lonely path of increasing taxes in order to promote lower interest rates.

By Christmas when the U.S. prime rate had fallen to 16 per cent and most of the inflationary consequences of a fall in sterling and the rise in UK rates had worked through the system, the economy faced another setback.

This time it was strikes and bad weather which put the gently rising trend of output into reverse again. Nevertheless the Treasury remained cautiously optimistic in the expectation that the economy would bounce back in the spring.

But the recovery, when it came, was extremely sluggish and was beset by renewed anxieties about the persistence and depth of the recession in the U.S. accompanied by a renewed hardening of U.S. interest rates.

The practical politicians of the Tory Party fear the strategy may be running out of time

At last by July there seemed some evidence that things were going better for the UK economy with a sharply improved industrial production index for May and a downward trend of interest rates on both sides of the Atlantic.

However, before any substantial optimism could take root there were renewed anxieties about the U.S., sharp warnings from the CBI and an apparent reversal of the more buoyant trend in output.

Behind these stops and starts a number of cyclical and structural changes had been taking place. In the first place the huge reduction of stocks, which precipitated the recession in 1980, appeared to be coming to an end. By the beginning of this year there was some evidence that the predicted restocking had begun. Moreover capital spending had held up relatively well in the recession and by last autumn it seemed that exports were increasing.

All these factors should have helped to increase demand for British industry and enable it to exploit the sharply improved productivity which it appeared to have achieved by layoffs, improved practices and invested in labour saving equipment during the recession.

And this would undoubtedly have happened if the British had not sharply increased both their appetite and need for imports during the recession. By the second quarter of this year the volume of imports was running at some 10 per cent above the average for 1980 and 1981 and was 3½ per cent above the level at the last peak of economic activity in 1979. Exports however were only about 3 per cent above their 1980 level and 4½ per cent above the 1979 level, including oil.

While the increase in exports has been some help to industry, it has by no means balanced the big leakage of extra demand into imports.

A rather startling illustration of this is that between the first three months of 1981 and the first three months of this year total (final) expenditure in the UK rose by £1bn (at 1975 prices). This was almost exactly matched by a £1bn increase in imports during the same period. This increase in expenditure would have been worth an extra 3 per cent of total output for the UK economy if it had not leaked away into imports.

This period may give a somewhat pessimistic view of the underlying trend but the general picture is clear.

An assessment of what has been happening to the UK's exports and imports has been obscured by gaps in the figures and several statistical uncertainties. But economists generally agree that there has been a marked increase in Britain's propensity to import.

Imports now represent about 35 per cent of Britain's Gross Domestic Product compared with 32 per cent in 1979 and only about 25 per cent a decade earlier.

There has been speculation as to whether the increase is in part a consequence of the Government's policies. It is argued that the severity of the recession in 1980, combined with the high exchange rate, may have put many small companies out of business, whose products must now be supplied by imports.

True or not, the tendency for marginal increases in demand to be satisfied by imports now puts an extra constraint on the Chancellor's ability to reflate the economy.

Put crudely it means that around a third of the benefit from any tax cuts would eventually go to benefit foreign producers rather than those in the UK. Nevertheless, there clearly could be ways in which reflation might be made to benefit domestic industries such as construction—in the first round of spending, at least.

The question remains whether the Chancellor believes there is any room for compromise with the reflationists in his party. Recently there does seem to be some middle ground between them.

Not only has inflation been falling faster than expected—partly because of the weakness of world commodity prices—but the money supply appears to be well under control. Sterling M3, the broad measure of money, is in the centre of the target range of an annual growth rate of 8-12 per cent and M1, the narrow measure, is below it.

Moreover, the trend of public borrowing appears not to be a cause for anxiety so far this year—in spite of the cost of the Falklands campaign.

These factors already appear to have been behind the authorities' willingness to reduce interest rates during July. Sir Geoffrey's main answer to the CBI is that help is on the way from this direction.

The difficulty with this policy is that a lowering of interest rates may take some while to influence the investment decisions which could create additional demand. Whatever the merits of this policy from an economic point of view, many Tory MPs will be concerned whether it can produce results on output and employment before the election.

Direct reflation, in contrast, could probably have a quicker impact. Even sympathisers with the Government's general stance, including the LBS, have argued that a moderate dose of reflation is now needed.

The question before Sir Geoffrey is whether he now has room within his monetary strategy to meet these desires or whether he will stick to lower inflation and lower interest rates regardless.

Men & Matters

Bell of New York finance

It's not every day that Paul Volcker puts in a call from the U.S. Fed to wish someone well. Geoffrey Bell has received one while putting the final touches to the new financial advisory business he is about to launch.

But then the outgoing, peripatetic Bell is probably one of the best-known British merchant bankers in the U.S.

A leading light at J. Henry Schroder Wagg, Bell has been in the U.S. for a good part of the last two decades as scholar, civil servant and, most recently, executive vice-president and director of Schroder's international arm and senior adviser to its New York bank.

Now 43, Bell feels the time has come to branch out on his own. "I want to spend more time with my clients," he says. He will maintain his ties with Schroder, and even locate his firm, Geoffrey Bell and Company, in the Schroder building at the tip of Manhattan. "It's the best of both worlds."

Bell thinks that while the 1970s were the decade of the borrower because of the abundance of funds and low real interest rates, the 1980s could well turn out to be the decade of the lender. And he thinks the borrower will need a lot more help and advice. "The Euromarkets are not going to grow so fast. And bankers are being a lot more cautious. They're looking more closely at balance sheets, the structure of corporations and their cash flows."

Bell's new clientele will be families, and family-owned businesses, mainly in the U.S., the UK and Latin America.

He wants to keep his firm small, about half a dozen people, and hopes to pursue outside interests like writing and the Group of Thirty, the prestigious lobby group of top commercial and central bankers of which he is executive secretary.

Unpaid leaders

The resignation of one of Guernsey's leading politicians, Roy Le Poidevin, aged 49, reflects a growing dilemma facing the Channel Islands since they have evolved into sophisticated mini-states providing international banking services.

Le Poidevin has resigned his seat in the island parliament and the vice-presidency of the finance committee because he has found it impossible to combine those responsibilities with his job as managing-director of the Total Oil Company's local subsidiary.

He says: "It is a matter of striking a balance and I am afraid that at present the balance has to weighted towards business."

Le Poidevin has been the prime mover in Guernsey's drive to attract more light industry and establish closer liaison with the international banking community. Other island leaders say his expertise will be sorely missed.

Finding and keeping top-calibre political leaders is proving to be a growing problem in the islands, all of which have hallowed traditions of voluntary public service.

The modern financial and business communities established on the islands now contrast rather oddly with the relaxed and highly traditional island administrations.

A few months ago Guernsey lost another able politician, John de Putron, aged 53, an accountant, for the same reason as now given by Le Poidevin.

De Putron quit political life and the presidency of the Post Office Board saying he felt there was a danger otherwise of being able to do neither his professional nor his political work properly.

MPs on Guernsey are unpaid and although they can claim up to £5,000 a year in allowances for attending meetings and conducting official business they have to start repaying it if their family income goes beyond £7,000 a year.

The island's newly installed bailiff, Charles Frossard, the head of the island government, starts with some gaps to fill in his administration. Both Le Poidevin and de Putron were seen as potential future local "chancellors of the exchequer."

Extra mural

THE LABOUR PARTY, which has suffered a few knocks of late, can still turn theory into practice in the way true socialists should when the occasion demands.

Its annual summer school at Ruskin College, Oxford, coincided with the five-day action in the National Health Service. Party members from the mines, the railways and the Post Office decided during a seminar on the Employment Act to show what they thought of its provisions on secondary picketing by lending a hand to the health workers standing outside Oxford hospitals.

The comrades, who took a robust view of how to run industrial action, quickly disciplined an inexperienced picket outside the John Radcliffe infirmary, the city's biggest.

They also aroused the ire of a hospital doctor who drove through their ranks, knocking over one of them—only to later find his wipers missing and windscreen smashed.

Highly appreciated by the pickets was a double act by two well built Scots miners. The larger of the two blocked the entrance to the hospital: the second, a soft-spoken charmer, told those who demanded entrance that he could only persuade his friend to move if they were seen to make a donation to the health workers campaign fund. Collection boxes were soon brimming over.

On guard

I have been reading about an ambitious United States venture to replace security guards with robots. It is convincing stuff. Denning Associates of Washington, a firm of consultants, has now designed a robot that can move at five miles an hour while its surveys 150 feet on each side using microwave radar and infrared sensors. To detect walls and other obstacles it uses sonar rangefinders that Polaroid developed for its automatic cameras.

The advantages of security robots over humans appear to be manifold. Unlike human guards they don not fall asleep. Neither do they require frequent priming with food and wages.

An American security expert points out "human guards can't live on the low wages they are paid. So you can be sure the man has two jobs. Thus he is working 16 hours a day and he is sleepy at Hell."

The Denning Sentry is to be about 3 feet tall, will cost about $25,000 and will weigh about 200 pounds.

But, just a minute . . . why is it so heavy? "So that it will be difficult to steal" the designers explain.

Ask a silly question . . .

Clean licence

P. M. Reynolds of Hemel Hempstead has a new registration document from the Swansea vehicle licencing centre for his Volkswagen car. The computer has indulged in an outburst of Celtic whimsy classing it an "auto cesspool emptier."

The puzzled owner is not sure now whether his driving licence covers the additional features. But he says philosophically "We are grateful we have the automatic version—the trouble with the manual version comes when you drop the bucket."

Observer

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WORLD SUGAR MARKET

Why Europe's rivals are sour

By John Edwards, Commodities Editor

A POWERFUL new force, in the shape of the European Community, has emerged in recent years on the world sugar market and is threatening to change its whole structure.

The EEC, stimulated by the high prices paid to farmers under the Common Agricultural Policy, has gone from being a net importer of sugar in the 1960s to becoming the world's biggest single exporter to the free market—at a time of a world glut and plummeting prices.

The change is deeply resented by many Third World producers, since sugar exports are vital to the health of their economies.

Consider two contrasting facts: On July 1 beet growers in the European Community received a 9.5 per cent increase in their guaranteed returns, putting up the price paid by

A sugar mountain is avoided by exports

UK consumers by 3p a kilo. Yet this increase comes amid a massive world surplus which has forced world prices to their lowest level for nearly three years, causing considerable suffering to cane producers throughout the world.

Not even the most efficient cane producer can break even at current world sugar prices, which recently dipped to a low of £95 a tonne. In addition, the U.S. recently dealt a further blow to cane producers by re-introducing import quotas for the first time since 1974 to protect its domestic growers.

It is all a far cry from 1974 when an acute scarcity of sugar forced the world price to an all-time peak of £650 a tonne—and from the end of 1980 when a temporary shortage pushed world market values above £400.

This kind of price fluctuation is not unusual. Prices have traditionally moved in a cyclical pattern of highs and lows—ranging from £12 in 1966 to £650 in 1974. This is because the international sugar market accounts for only some 19m tonnes out of world production of over 97m tonnes. The bulk of sugar produced is either consumed domestically or subject to special inter-governmental trade deals, so the residual world market tends to exaggerate the impact of both shortages and surpluses.

But a new factor adding to the uncertainty is EEC production. The Community's exports have risen from some 1m tonnes in 1970 to around 5m tonnes in 1980/81.

The EEC has made well publicised moves to hold back exports, and increase stocks, but the Community is continuing to subsidise substantial sales to the world market. At the latest weekly selling tender the Commission authorised rebates (subsidies) on "white" sugar exports equivalent to some £235 a tonne.

These rebates are designed to help EEC exporters sell on the world sugar market at a greater profit than selling to the Community intervention stores. The intervention price is the device used by the Community to establish a guaranteed minimum price for EEC beet growers and processors; at the last farm price review it was raised in the UK from £297.94 to £325.54 a tonne.

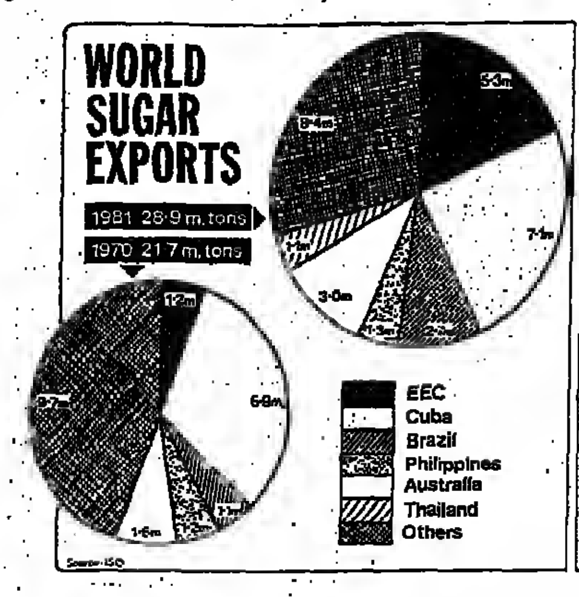
However, the EEC policy is to avoid accumulating intervention stocks, as happens with dairy products, cereals and meat. The build-up of a sugar "mountain" is avoided simply by exporting the surplus on to the world market.

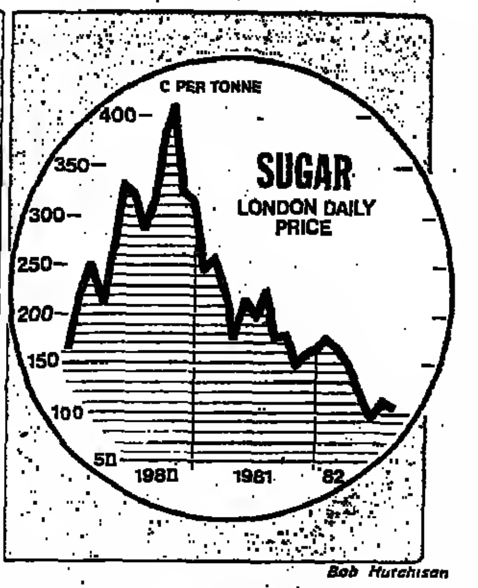
Since the world market price is normally far below that of the EEC, the Commission has to provide a subsidy to bridge the gap—hence the £235 a tonne paid out last week.

It can be argued that the cost of subsidies is normally cheaper than the cost of storing surplus stocks. But this ignores the damage the EEC is doing to other sugar-exporting countries producing cane sugar.

That said, the European Community does import 1.3m tonnes a year of raw cane sugar from African, Caribbean and Pacific countries (the ACP group). This arrangement, which comes under the Lome convention, was insisted upon as one of Britain's conditions for joining the Community. Britain felt it could not abandon developing countries in the Commonwealth, which had built up their sugar industries to supply the UK, to the open market.

This special deal has proved the salvation of many cane exporters, providing them with a guaranteed outlet for their sugar at a price linked to the





Bob Hutchison

Community level and thus normally well above the world market. They will, for example, benefit from the recent 9.5 per cent rise in the EEC domestic price.

But in most cases, sugar sold to the EEC represents only part of total exportable production and the rest goes to the world market. Other exporting countries, such as Brazil and Australia, rely totally on the world market except for special individual inter-government deals. Protests to GATT (General Agreement on Tariffs and Trade) by cane exporting countries about the EEC "dumping" sugar on the world market have so far been successfully fended off by the Community.

The EEC claims it is not subsidising exports since, because of recent changes, the sugar policy is self-financing as a result of levies paid by producers. The Community also points out that output of sugar in the Common Market is restrained by production quotas.

But however much the EEC huffs and puffs, there is little doubt that the encouragement of beet growing in the Community has disrupted the world sugar market and caused considerable economic distress to many developing countries. The EEC sugar policy is often held up by developing countries as an example of Community indifference to the Third World.

The EEC has refused to join the International Sugar Agreement between exporting and importing countries, which seeks to stabilise the world market by the use of export quotas and reserve stocks.

As a result of pressure from the powerful French beet lobby, it was decided that EEC membership of the Agreement was not compatible with the common sugar policy, since it would restrict exports.

The result is that while members of the Sugar Agreement, mainly developing countries, have restrained exports and committed themselves to building up surplus stocks, the EEC has been increasing its sales thereby undermining the Agreement.

Talks are going on aimed at bringing the EEC into the pact, but many of the cane exporting countries oppose giving the EEC any export quota, claiming the Common Market has irresponsibly encouraged the rapid expansion of its beet production by setting guaranteed prices at far too high a level.

This is widely regarded as the nub of the problem. Most observers believe the EEC Commission panicked after the 1974 sugar shortage and provided far too much encouragement for beet growers in the Community.

But if the EEC does not take any positive action to reduce production, the threat of world market disruption will remain. Consumption of sugar in the Community is falling because of the high prices charged to consumers, but higher yields and improved processing are helping to push up production.

The Community this year decided to hold back extra stocks—but only because it had such a bumper crop that the world market would not have been able to absorb the total available. It is hoped that the extra stock-holding will reduce plantings, but the granting of a 9.5 per cent rise for producers hardly seems a discouragement. It appears that the EEC consumer is paying in the long run for the rising cost of subsidising exports.

However, the Community says it is willing to join the Sugar Agreement, which has just been extended for two years, but only if it is radically altered. According to the EEC, the Agreement's basic export quotas are too high, while the provision to hold back reserve stocks is extremely woolly with little check on whether the stocks are actually being held or not.

The EEC also thinks that the Agreement should be extended to cover other sweeteners, as well as sugar, notably the high-fructose maize-based syrups (isoglucose) which have made such inroads into the U.S. sugar market.

So far, the powerful beet lobby in the EEC has managed to restrict the expansion of isoglucose syrups in the Community. But in the U.S., where there are ample supplies of cheap maize, the syrups have captured an estimated 40 per cent of the sweeteners market and are still expanding.

They have been greatly helped by the fact that U.S. sugar producers have persuaded the Reagan Administration to guarantee a minimum support price for domestic sugar of some 17 cents a pound.

Artificially high prices have held back demand for sugar in the U.S. and also opened the door for maize syrups to gain an increasing share of the market.

Demand for sugar in the industrialised countries was already under pressure as a result of health fears and dietary considerations. But the high prices of the U.S. and the EEC have accelerated the downward trend. The main expansion in consumption has been in developing countries, in line with rising standards of living. But the economic recession has slowed down the growth in this demand considerably.

It had been hoped that the conversion of sugar into fuel alcohol (alcogas) as a new energy source would open up a new outlet. But the fall in oil prices over the past year, and the technical and economic problems involved have made this an uneconomic proposition in most cases.

Even in Brazil, where there is sufficient land to grow the cane required and an urgent

Russia is the mainstay of the free market

desire to save foreign currency expenditure on oil imports, the sugar-alcohol programme has not lived up to earlier hopes.

World production of sugar has jumped sharply this season to nearly 98m tonnes, mainly because of favourable weather in the main cane producing areas.

Prospects for a quick recovery in the market look remote, with stocks at record levels. Indeed, traders shudder at the thought of what might happen if the Soviet Union has even a reasonable beet crop this year. Russia, with three poor crops in succession, has been the mainstay of the free market in recent years. If it were to reduce its purchases significantly, prices could tumble a lot further.

But the initial signs are that Russia has been hit by unfavourable weather again this year, and in any event will be concentrating on producing grains rather than sugar beet.

Lombard

Two types of austerity

By David Marsh in Paris

A FEW MONTHS AGO, upon hearing that the FT was sending me to work in Paris, a junior minister to the British Treasury delivered a typically crushing indictment of the economic state of Socialist France.

What a shame, he said, to be leaving an economy which was just about to take off on the basic thrusting, market-orientated enterprise for one which was stagnating under a regime of stultifying dirigisme.

In fact, however wide the ideological gulf between the economic gospels of Mrs Thatcher and M Mitterrand, it is the similarities between the British and French positions which are at first sight most notable. And where there are differences, not all of the comparisons are as favourable to Britain as the Treasury minister would like.

Significant

For instance the new rift which has opened between the Confederation of British Industry and the Thatcher Government over the economic outlook is perhaps more significant than the predictable political divide between the Socialist administration and the Patronat employers' group.

The Patronat may annoy Paris ministers by constantly sniping at bureaucratic interference, the Government's sympathies with the unions, or lower profit margins caused by the summer price freeze (though wages have been frozen as well).

But at least French employers are dealing with a go-for-growth government wholly committed to boosting industrial investment (albeit by direct and sometimes controversial Socialist methods). Unlike the Patronat, the CBI seems to be complaining about deep and permanent cuts into Britain's industrial base — a much more frightening matter.

To a British observer there is a strong sense of deja vu about the language now being used by leading French Socialists about the country's need for belt-tightening.

M Lionel Jospin, the party's first secretary, has just warned of "dreadful" years ahead. This is strikingly reminiscent of the prediction in 1980—at about the same stage in the life of the British government—by Mr John Biffen, then Chief Secretary to the Treasury, of three years of "unparalleled austerity" in the UK.

The paradoxical truth is that both governments came to power in May 1979 and May 1981, at times when living standards, as a result of policies implemented by their predecessors, were growing unsupportably fast.

Both governments then made mistakes in their first year by taking action which increased the imbalance—the British Conservatives by cutting taxes and the French Socialists by raising state handouts.

The sequel, in both countries, may again turn out to be similar. The British Treasury some time ago swung round to gearing fiscal policy towards improving the depleted finances of the company sector at the cost of the personal taxpayer, although the move has not gone as far as the CBI would like.

M Jacques Delors, the moderate French finance minister, talks in a Geoffrey Howe-type manner of boosting the disastrous state of corporate finances by lowering charges on companies rather than by increasing subsidies.

Transition

Whether the rest of the Mitterrand government will accept this line is of course another matter. This is one of the key points to be resolved this autumn as the Government tries to engineer a smooth transition from its four month wage/price freeze.

But at least the change of gear in France is unlikely to lead to as traumatic a shake-up on the labour market as that produced by Conservative austerity in Britain.

Neither the British nor the French prescription is exactly palatable. France may have to accept relative inefficiency, overmanning and static interference as the price of keeping unemployment down to around 2m; Britain faces an unemployment total perhaps heading for 4m as the price of a competitive and better tuned economy.

Letters to the Editor

Bucket-shop air tickets: a masterpiece of marketing

From Mr A. Lucking

Sir,—You are right (August 12) to caution the airlines against destroying the present market for cheap fares, which is free of the "strings" they themselves try to impose. On many of the longer routes only 8-20 per cent of the present passengers are in the "business and personal emergency" categories. The priority for the vast majority is the lowest fare. Thus, the airline claim you printed, that it could secure all the difference between discounted and full fares, is drivel.

While many of us are arguing for a legitimate "remaindering" scheme to handle otherwise unsold tickets, privately the airlines may be reluctant to abandon the "bucket shop" system. By presenting it as a shady operation, they have been able to segment the market, so that many cost-unconscious businessmen still make no attempt to buy these cheap tickets. Veritably a masterpiece of marketing!

A. J. Lucking.
Flat 20,
17 Broad Court,
Bow Street, WC2.

From Mr P. Ray

Sir,—Your leader on bucket-shop air tickets (August 12) draws the correct conclusion that millions of people will fly if the price is right.

But, along with other distinguished commentators, you have fallen into the trap of greatly overstating the size of the bucket-shop market in the UK by accepting an unofficial "estimate" of 5m ticket sales annually which has crept its way into every Fleet Street cuttings library and is constantly being recycled.

The Department of Trade's international passenger survey for 1981 shows that UK residents made 11.3m trips abroad by air. Of these, about 4.5m were on holiday charter flights which are not subject to price control and, by definition, cannot be "illegally" discounted. A further 1.5m Britons travelled on flights to North America, for which the sale of bucket-shop tickets is almost non-existent because so many legitimate discount fares are available.

That leaves 5.3m air trips, most of which — if your unofficial estimate is correct — will have been sold through bucket-shops, leaving only a paltry 300,000 to be sold either direct by the airlines and the main-stream travel trade. Which, as Euclid might have said, is absurd.

Philip Ray.
6, Cleve Terrace, Lewes,
East Sussex.

There is much work to be done

From Mr C. Simeons

Sir,—Job creation as described by Ian Hargreaves (Aug 9) really offers a methodical approach to an assault on the unemployment statistics. If firms have to be persuaded to take people on through a process well known to fund raisers, it is unlikely that they will be filling real jobs.

But everyone knows that there is work in abundance which if not carried out soon, will reduce our quality of life. Roads require urgent repair, and by-passes need to be built. Sewers must be replaced, while decay in our inner cities needs to be seen to be believed. Railway rolling stock is long overdue for replacement and electrification is urgently needed. Maintenance and repair to public buildings is sadly lacking.

Meanwhile, idle hands turn to acts of vandalism taking up the time of the police unnecessarily. And yet we read of vacancies which cannot be filled and those in need of jobs failing to turn up for appointments.

At present, the greatest emphasis is placed upon creating new jobs, whether there is a need for them or not. All too little is being done to assist existing firms to remain in business. It stands to reason that for every *firm set up* in an enterprise zone, another in the same line paying its fair share of rates and taxes will go to the wall. Often staying in business is a question of learning through the experiences of others, which the Manpower Services Commission may well find a more rewarding approach than appears to be the case on the surface, and more so than start-ups.

Today we are paying out more than double our oil revenues to people who through no fault of their own are without work. I believe that the vast majority would be only too glad to become employed actively once again doing something useful. Starting with school leavers I believe that to qualify for money from the state, other than for obvious exempted groups, should involve work done. This would keep the young off the streets and create a demand for goods and materials which would stimulate industry. I believe that it would pay for itself, although there would be problems administratively.

Charles Simeons.
21, Ludlow Avenue,
Luton, Beds.

Listen to Sir Terence

From Mr F. Law

Sir,—I do hope the Government takes very seriously the views expressed very forcefully by Sir Terence Beckett.

There is no doubt that UK industry on the whole is going through the worst recession in my life time, a recession from which some companies, and possibly some industries, will never recover. The slimming down process, so often recommended by the *Government* for industry, is in danger of developing into anorexia.

Surely, the time has come for the Government to realise this. There are no signs of an upturn in the economy, and should the Government believe there are, it is unfortunately under an illusion, and should do better to listen very carefully to Sir Terence Beckett's analysis of the situation and his advice.

F. S. Law
61 Cadogan Square,
S.W.1.

One messenger's make-up

From the Chairman, Small Firms Council, Confederation of British Industry

Sir,—My congratulations to Peter Riddell (Lombard, August 13) on his excellent comment on the CBI's stance in relation to the business view of the economy.

I particularly welcomed his reference to the high reputation of the CBI trends survey and economic analysis. In the light of his later suggestion, however, that the CBI is the voice "of the big company chairman," while the Institute of Directors "is perhaps that of the individual executive and small businessman," it is worth recording that of the *1,600 firms* responding to the CBI's trends survey 1,200 employ fewer than 500 people, of which *800 employ* fewer than 200.

The CBI's economic policy is made in a way that ensures *that* its smaller firm members—which are, of course, in a significant *majority—are fully* involved. Our smaller firms council has been consulted every step of the way, as has the regional network, where the voice of small members is particularly clearly heard.

CBI policy is, therefore, representative of the membership as a whole and not of any particular group defined by sector, size or geography.

Jeremy Pope.
Centre Point,
103, New Oxford Street, WC1.

Encourage new businesses

From the Chairman, Hanworth Enterprises

Sir,—Ian Hargreaves (August 9) describes the efforts of James Cooke to mobilise the support from "big" names in large companies to set up training places for the unemployed. I suggest that this is not the best way to create jobs. Training is of course important but one should first know for what?

I consider that the first essential is to encourage the growth of new businesses which provide a product or service for which there is a demand.

There are hundreds of potential entrepreneurs, many with good products and ideas but lacking the knowledge, experience, facilities and resources to *develop viable businesses*. The majority fail but many could have been saved and grown into *substantial and profitable* businesses offering a wide variety of jobs if they had been helped by being closely associated with suitable existing firms able to provide accommo*dation, accounting services* and access to experienced business advice.

Heads of large companies would have neither the time nor the experience to deal with the problems of new enterprises, whereas directors of smaller and perhaps declining businesses could have space and spare facilities to develop growing enterprises

J. P. Coleman.
Gresham House,
Twickenham Road,
Feltham, Middlesex.

Energy from Russia

From Mr E. Payne.

Sir,—While much has been said about the projected big Russian pipeline to supplement the existing smaller ones already supplying gas to the EEC, little mention has been made of similarly distributing electricity.

The USSR generates more electricity than it uses and has vast natural resources for increasing it, so it is perfectly feasible to supply the EEC and the Far East.

Eric A. Payne,
Little Boddow,
Chelmsford, Essex.

UK COMPANY NEWS

Royal Insurance dives to £32m

BAD WEATHER in both the UK and U.S., which cost Royal Insurance an extra £42m in weather claims, together with continuing severe competition worldwide, sent underwriting losses of the company in the first half soaring from £30.6m to £94m and cut pre-tax profits by more than half from £68m to £32m.

Investment income allocated to general insurance operations rose 31 per cent to £89m, leaving the general insurance operations with a loss of £5m on the half year against a profit of £37.1m last year. Investment income from capital and reserves rose 24 per cent to £26.4m, which with higher long-term profits and profits from associated companies lead to a pre-tax profit of £32m.

A minimal tax charge of £300,000 against £27.4m last year softened the decline in net profits which finished only 22 per cent lower at £31.5m.

The interim dividend is lifted from 9.75p to 10p.

Premium income on general insurance business rose by 19 per cent in sterling terms to £867m—the underlying growth allowing for exchange rate fluctuations was 7 per cent. Similarly, the combined investment income growth of 29 per cent in sterling terms showed an underlying increase of 16 per cent. The solvency margin at the end of June was about 50 per currency, following rates increases averaging 20-25 per cent.

Premium growth in the U.S. was 14.7 per cent in dollar terms, with a noticeable falling off in growth in the second quarter as the group embarked on a programme of rate increases. The operating ratio climbed from 102.5 per cent to 113.1 per cent, with the claims ratio rising from 72 per cent to 81.5 per cent and the expense ratio from 30.5 per cent to 31.6 per cent. The unsatisfactory results arose from severe weather losses and continued adverse experience in automobile and commercial multi-peril business.

Royal had a satisfactory second quarter, but the half year was dominated by severe weather losses of £30m and the underwriting loss for the period amounted to £22.9m compared with a profit of £10.5m last year. Business in personal lines was satisfactory, but there was no improvement in commercial business where rates remain inadequate.

The remedial action taken last year in Canada and Australia is beginning to show results. Underwriting losses in both territories were reduced over the period. those in Canada falling from £19.3m to £11.1m, while those in Australia fell from £7.4m to £2.6m.

But this has been achieved at the expense of a falling market share. Premiums in Canada declined by 17 per cent in local

Business in Holland remained severely competitive, with premium income falling in local currency and experience deteriorating in most lines. Motor business remained in profit but at a reduced level.

There was some improvement in other territories, though conditions remained difficult. The reinsurance operations suffered from the continuing adverse market worldwide.

See Lex

HIGHLIGHTS

Lex looks as the full year figures from Royal Insurance which, in contrast to the miserable results from General Accident and Commercial Union last week, look quite good. Pre-tax profits are down from £68m to £32m, largely as a result of the extreme weather but there is a second quarter underwriting profit in the UK and the U.S. could be worse. The dividend is lifted by 2.5 per cent to 10p a share. The column then moves on to look at the day in the markets where gilts had their best time for months. Finally Lex reflects on the Inland Revenue's attitude to big business which comes out in a rather worrying light.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: First Scottish American Trust, G. F. Lovell, Metal Bulletin, Phicom, Taylor Woodrow.

Finals: Abercom, Gold Fields of South Africa, Meat Trade Suppliers, Rostmor.

FUTURE DATES

Interims—

Braime (T. F. and J. H.)	Aug 30
Brandon	Sept 9
Cadbury Schweppes	Sept 2
Dorada	Sept 7
EIS	Sept 8
Gaskell Broadloom	Aug 20
Lambert Howarth	Aug 31
Lead Industries	Sept 9

Reardon Smith incurs £129,000 loss

FOR THE year ended March 31, 1982, Reardon Smith Line has made a pre-tax loss of £129,000, against a £1.43m profit previously. At the trading level, profits—including this time £2.24m from the sale of ships—were down from £4.38m to £4.07m.

The dividend for the 12 months is being halved to 0.875p per 50p share. The board explains that unless there is a dramatic improvement in trading conditions, it is unlikely that this payment can be maintained for the current year.

The board explains that while trading results and present conditions do not warrant the payment of a dividend, it is felt that a modest dividend can be justified after taking into consideration a fairly substantial capital credit in the financial statements and shareholders support during the past few years.

After charging interest of £1.51m (£1.55m) and depreciation of £1.86m (£1.67m) there were reduced profits of £901,000, compared with £1.17m. Against this figure, £363,000 has been charged in respect of unrealised exchange losses (£263,000 gains).

A further amount of £667,000 (nil) has been provided for in respect of anticipated losses from April 1, 1982 to the end of the chartered-in period, in connection with the group's proportion of "Celtic Bulk Carriers" chartered-in tonnage and for the motor tanker "Sanko Honour."

There was also an extraordinary credit of £1.15m this time. This concerned the repayment of the "Welsh City" loan during the year under review, which had been arranged at a low fixed rate of interest and this arrangement resulted in the loan being reduced by this sum.

After a tax charge of £30,000 (£64,000) and minorities of £71,000 (£143,000) profits of £923,000 (£1.23m) were transferred to reserve.

Loss per stock unit before the extraordinary item was 2p (17p earnings). After the item, earnings per stock unit were 12p.

The board's estimated valuation of the group's fleet as at March 31, 1982 was £29m.

The recession has been far longer and deeper than economists predicted and the freight market, in all its sectors, is now grossly overtonnaged, the board states.

The exceptionally low freight rates in the bulk carrier market continue to produce substantial losses and unless there is a marked upturn in world trade that would be sufficient to equate the present overtonnaging position in the industry, the board cannot expect any improvement in the present state of affairs until at least the latter part of 1984. It is then anticipated the balance of supply and demand will start to reach reasonable proportions.

The low freights at present obtainable by the vessels in the group's fleet are such that they do not cover even the daily running costs excluding bunkers and, although the question of laying-up has been examined, the cost of such action, with ships of its size and the liability to its seafaring staff, makes this impracticable, the board states.

The General Council of British Shipping Tramp Trip Charter Index for July showed freight rates at similar levels to those ruling at end 1975, but if the tremendous rise in all costs is taken into account, the board says, freights are actually at their lowest point ever.

● **comment**

Last year Reardon Smith was in the black at the pre-tax level for the first time for five years. This speedy return to pre-tax losses, despite a £2.24m profit on the sale of m/v Fresno City, was no surprise whatsoever, given the company's exposure to open market freight rates. Things are getting no better: as of these figures the fleet of seven bulk carriers was valued at £29m compared with March 1981's figure of £48m. Since this March their value has fallen a further £5m. The entire fleet is trading, but at a loss of £1,000-£2,000 per ship per day, and the company concedes that the present state of affairs is unlikely to improve much before 1985. Only an extraordinary credit of £1.15m justified the payment of the halved dividend, and shareholders should make the most of it, since a return to the nominal payouts of 1978-1980 is on the cards.

Bunzl pays £4.4m for two paper distributors

By Charles Batchelor

BUNZL, the London-based paper and packaging group, yesterday announced two further acquisitions in the paper distribution field for a total of £4.4m cash.

Bunzl will acquire an 80 per cent stake in Donald Murray (Paper) of Glasgow and the capital of Alliance Paper and Packaging Company of Long Island, New York.

These two companies will add combined sales of £17m to Bunzl's figure of £245.6m in its latest year and pre-tax profits of £1m to Bunzl's £11.6m.

They also bring net assets worth £2.4m at the latest balance sheet date though these are expected to increase, largely due to retained profits, to £2.7m at the date of acquisition, Bunzl said.

Bunzl said the Donald Murray acquisition was the most significant of the two but declined to break down the composite figures.

It described Murray as one of the leading distributors of fine quality paper in the UK, supplying the printing, publishing and stationery industries throughout Scotland.

Alliance is a supplier of industrial paper—disposable paper and packaging products—to a wide range of customers, mainly in the New York area.

Alliance is a fairly small company but fits in with the other four distribution companies acquired by Bunzl in the U.S. over the past 18 months, Mr Ernest Beaumont, the chairman, said.

"Murray is a new step into distribution in the UK. We shall be looking to see whether we can advance from there either by natural growth or possibly by further acquisitions," he added.

Bunzl's first attempt to diversify away from cigarette filter making was not successful and many of the companies acquired have since been sold off or closed.

Its efforts to build up a network of distribution companies have been more effective and it now has companies generating sales of more than £115m and producing profits of £4m a year which have been acquired for some £18m.

Bunzl is acquiring a 75 per cent holding in Murray from DDP, a subsidiary of RIT and Northern Investment Trust, and five per cent from Mr Donald Murray, the founder and managing director. Mr Murray retains 20 per cent of the capital and will continue as managing director under a long-term contract.

Bunzl's unsuccessful £16.1m bid for Bemrose, the Derby security printer, which lapsed last month, left Bunzl with unused borrowing facilities though the latest double acquisition would have gone ahead anyway, Mr Beaumont said.

Kleinwort Benson, advisers to Bemrose, had hoped to persuade Bunzl to place its 13.8 per cent holding with institutions but Bunzl has held on to its stake. Unless a competing bid emerges it may not make a renewed offer for 12 months under the City Mergers and Takeovers Code.

"The logic of the Bemrose deal is still there but time does not stand still and our interest may turn elsewhere," Mr Beaumont said. "We are keeping our options open."

Vibroplant falls into the red in second six months

SECOND-HALF losses of £180,000 have left Vibroplant, the plant hire and video leisure group, with much reduced pre-tax profits of £353,775 for the year ended March 31 1982, compared with £1.92m previously. Turnover for the 12 months declined from £12.42m to £11.45m.

At the *interim* stage, when reporting a fall in taxable profits from £1.36m to £534,639, Mr J. Pilkington, the chairman, said that extreme weather conditions had interrupted construction activity on a wide scale and he warned that this would inevitably have an impact on results for the second half.

Despite the reduction in year-end profits, the dividend is being held at 14.5245p per 25p share with a same-again final of 9.275p net.

The second half of the year has seen a continuation of the severe pressure on plant hire profit margins. During the year as a whole, plant hire has been characterised by very low levels of demand forcing market hire rates to unprofitable levels.

Against this background of severe competition, the company has been able to maintain its hire rates and with the benefit of stringent cost saving measures taken early in the year has contributed a "creditable" £805,899 (£1.93m) to the group's pre-tax profit, says Mr Pilkington.

The group's video business, acquired a year ago for £300,000, made losses for the 12 months of £452,224 (nil), which related to acquisition write-offs and research and development costs.

The investment in VI Leisure, through Vibroplant Investments, was made to promote the development of the video juke-box, a concept that was originally acquired from the

In addition, its research and development programme has given the group certain expertise in the field of micro-electronics which it expects to have valuable secondary marketing applications.

These factors encourage the chairman to believe that the investment will prove to be a future long term asset of the group.

Looking to the future, Mr Pilkington says the prospects for plant hire in the UK will inevitably be closely tied to the overall level of construction activity and this continues to be severely depressed.

"We must view the remainder of the year with great caution, but with the confidence that Vibroplant will benefit from the central role that construction must play in any future economic recovery and in the knowledge that this year we have further strengthened our ability to take advantage of such an upturn," he adds.

There was a tax credit for the year 1981-82 of £333,403 (£666,650 charge) reflecting an extra deferred tax release. Earnings per share, including this release, were 12.61p (20.83p) or 2.87p excluding.

Attributable profits dropped from £1.25m to £756,619 and after dividends costing £639,100 (same) the retained surplus was £117,519, compared with £610,597.

● **comment**

Vibroplant's move into video juke-boxes really is a journey into the unknown and an expensive one at that. The original design that the plant hire company bought was not quite what was needed and these figures have been struck after a £203,000 write-off against the acquisition and a further £250,000 of development costs. There is more r and d expenditure to come this year. Still, Vibroplant is now moving some machines. So far 50 have been sold and more are out on test but the company needs to transform some of the "positive response" of the market into firm orders before the management can feel a bit more relaxed about the venture. One possible spin-off of the business of promoting images of gyrating pop stars is that Vibroplant believes it has developed some electronic gadgetry that could find ready markets in other industries. Meantime the plant hire side, which is funding the company's experiments into new areas, continued to bump along in a very tough market last year though there are now tentative signs that demand is lifting. Vibroplant has felt confident enough to lift its rates by a tenth this month—the first time in two years—but undoubtedly plant utilisation remains painfully low and any trading improvement could easily be eroded by higher depreciation and interest charges following some hefty investment in plant which pushed borrowings up by £2.5m to £4.8m by the end of March. Holding the dividend for a 12.7 per cent yield will underpin the price (172p yesterday) until a clearer picture emerges from video.

Charles Baynes shows modest increase

An increase of £19,000 to £213,000 in pre-tax profits is reported by Charles Baynes, the Blackburn-based hacksaw manufacturer, for the six months to June 30, 1982. Turnover rose marginally from £1.12m to £1.15m. The interim dividend is unchanged at 0.25p net — last year's total was 0.75p from pre-tax profits of £415,056.

The directors say that trading conditions remain difficult, especially in overseas markets. The group, however, is well-placed to face current challenges and to take advantage of new opportunities of any upturn in its markets. In the present climate, they consider the results as being "satisfactory" and expect to be able to recommend a final dividend at least equal to the 0.5p paid last year.

Trading profit for the first half was little changed at £164,000 against £167,000. The pre-tax figure was struck after interest charges up from £7,000 to £28,000. There was a tax charge of £111,000 (£101,000). Stated earnings per 10p share were 1.45p (1.32p).

LONDON & HULL

London and Hull Maritime Insurance Co. has increased its authorised and paid-up capital by £5m. The company, which is a wholly-owned subsidiary of Les Assurances du Groupe de Paris, now has a paid-up capital of £9,068,000.

SPARTAN SOLD

The receivers of Spartan Luggage have sold the business after rationalisation of the production facilities. The sale secures the jobs of about 100 employees of this Derbyshire company.

Little change at Scottish Eastern Inv.

Pre-tax profits of Scottish Eastern Investment Trust were little changed at £3.06m for the six months to July 31, 1982, against £3.05m last time.

After tax of £1.17m (£1.12m) profits available for ordinary holders were £1.85m, against £1.88m. Earnings per 25p share slipped from 1.78p to 1.75p, while the interim dividend is unchanged at 1.5p net — the 1981-82 total payout was 3.35p.

Franked investment income for the half year totalled £1.93m (£2.1m) and unfranked income came to £1.58m (£1.32m). Interest rose from £186,000 to £247,000 and management expenses were up from £174,000 to £210,000.

Net asset value per share was 110.1p (124.4p) after deducting prior charges at par, or 113.2p (127.6p) after the same at value.

Further cuts in output of molybdenum

POOR WORLDWIDE demand for molybdenum, which is used as a hardening agent in high-grade steels, has forced two big producers to make further moves to cut production.

Amax of the U.S., the world's leading supplier of moly, has introduced with immediate effect a work schedule of three weeks on and one week off for an indefinite period at its big Henderson Mine in Colorado.

This mine was already working at only 45 per cent of its rated annual capacity of about 50m lbs of moly, and the latest move will reduce this further, to just 38 per cent.

In addition, Henderson will shut down completely between October 2 and November 8.

Meanwhile, Canada's Placer Development has decided to extend the shutdown at its Endako mine in British Columbia into next year. The shutdown at Endako, the country's biggest moly mine, was originally scheduled to last from June 5 to September 6.

DIVIDENDS ANNOUNCED

Charles Baynes ...... int.	0.25	Oct 1	0.25	—	0.75
Dares Estates .... int.	0.5	Nov 19	0.5	—	1.25
Howard Shuttering	0.87	Oct 20	0.8*	1.4	1.33*
Impala Platinum	50§	Oct 1	75	75	110
Reardon Smith	0.88	—	1.75	0.88	1.75
Royal Insurance .... int.	10	Jan 5	9.75	—	25.25
Scottish East. Inv. int.	1.5	Oct 25	1.5	—	3.35
Vibroplant	9.28	Oct 11	9.28	14.53	14.53

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock. § S. African cents throughout.

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Confidence at Siebe Gorman

MR BILL PYBUS, the chairman of Siebe Gorman Holdings, specialist engineer and manufacturer of protective equipment, industrial workwear and leisurewear, says that the group's position has continued to strengthen during the year and the board is able to express confidence that the business will continue to prosper on the solid platform upon which it stands.

"We have a very able management to support our trading activities at home and overseas and we certainly have the determination to take advantage of every opportunity in the future," he tells members in his annual statement.

The chairman reports that in spite of economic and marketing conditions of exceptional difficulty, the group succeeded in making satisfactory and solid progress during the past year.

As reported on July 20, Siebe Gorman achieved a 15 per cent increase in pre-tax profits from £3.51m to £4.04m for the year to April 3, 1982, on turnover up from £43.6m to £53.25m.

At the year end, group fixed assets were up from £5.46m to £9.82m. Net current assets were marginally lower at £16.15m (£16.22m), including bank overdraft of £1.9m (£1.92m). Shareholders' funds improved from £19m to £20.73m.

Meeting, Cavendish Hotel, SW, September 16, 12.30 pm.

Commercial Bank of Wales decline

A FALL in pre-tax profits at the Commercial Bank of Wales from £558,000 to £402,000 for the six months to June 30 1982 is described by Sir Julian Hodge, chairman as "disappointing."

In the last full year pre-tax profits of this bank stood at £1.11m, and at the end of the year the directors did not expect *a substantial growth in business* until there was industrial and commercial expansion.

Sir Julian controls about 24 per cent of the shares.

Last January the bank was given recognised status by the Bank of England.

Sir Julian points out that banking profit has again been further improved by about 23 per cent over the comparable period. However only a small profit was made by the bank's instalment credit subsidiary, Forthright Finance.

The instalment credit industry, says Sir Julian, is undergoing a most difficult period with many institutions competing for a much contracted market. Rates for both business and personal credit have been continually reduced well in advance of any anticipated reduction in interest rates, which has squeezed margins at a time of increased arrears and bad debt.

The growth in banking turnover continues, says Sir Julian, with an increase in the number of commercial customers for whom the range of services has been extended. He adds that the foreign department has been expanded in response to demand.

Sir Julian believes that the coming 12 months will be most important in the expansion of the banking business which will be characterised by the development of an even closer relationship with customers, added to which will be the provision of additional management capacity to assist and advise a new generation of small businesses which are slowly, but at an increasing rate, establishing themselves within the Principality.

Operating profits for the period under review were shown at £4.37m and interest payable amounted to £3.97m. Tax took £152,000, leaving £250,000 retained.

The balance sheet for the six months shows that loans and advances stood at £50.93m, against £51.06m at the last year end. The balance sheet total was given at £71.07m compared with £72.29m. Current, deposit and other accounts moved ahead slightly from £44.8m to £47.18m. Bills payable, short and medium term loans were lower at £14.55m against £18.15m.

GrandMet sales up by 21.4%

EXTERNAL sales of the Grand Metropolitan group for the nine months to June 30 1982 were slightly ahead at £2,814.7m compared with £2,317.8m for the same period of the previous year, representing an increase of 21.4 per cent.

Excluding the external sales of Intercontinental Hotels Corporation, acquired by the group in September 1981, the increase was 16.5 per cent.

Comparisons with previous periods in Liggett's report for the three months and nine months to June 30 are distorted by the timing of the introduction of increases in selling prices and other factors affecting performance over short periods.

Third quarter net earnings at Liggett Group moved ahead sharply from $9.05m to $20.36m on net sales higher at $348.88m against $308.95m. This brings earnings for the nine months to June 30 up by $18.61m, to $967.49m compared with a lower figure last time of $848.48m.

Cost of goods sold for the three months rose from $208.71m to $223.72m. Selling, administrative and general expenses moved up from $73.73m to $78.89m, which left earnings higher at $302.61m ($282.44m).

Operating income was given as rising from $26.51m to $46.27m.

Progress at Dares Estates

Dares Estates were down from £345,000 to £105,900 in the half-year to June 30, 1982, the directors say the results do not reflect the progress that has been made.

They point out that due to the sale of the house building division in September 1981, turnover is reduced. At the interim stage, this was £970,000 compared with £4.3m.

Consequently, the board feels justified in maintaining the interim dividend at the same level as last year — 0.5p, as it is anticipated that satisfactory overall profits for the full year will be achieved. Last year's total payout was 1.25p

First-half trading profits totalled £65,000 (£120,000) and realised surpluses fell from £225,000 to £40,000.

Setback for Howard Shuttering

PRE-TAX PROFITS at Howard Shuttering (Holdings) fell from £621,490 to £359,853 in the year to April 30, 1982, with second-half profits falling from £318,000 to £132,000. Turnover of this building company with interests in formwork and shuttering, erection of concrete structures, plant hire and property developing, was down from £5.07m to £4.89m.

The final dividend is effectively raised from 0.5p to 0.865p net for total of 1.4p against an adjusted 1.33p.

After tax of £36,586 (£504,127 credit), attributable profits before extraordinary items emerged at £323,267 against £1.13m. There was an extraordinary credit this time of £170,154 which relates to a revaluation surplus on a freehold property. The property has been disposed of and the surplus is now therefore realised.

Dividends absorb £58,447 (£99,282) — Mr J. Howard, the chairman and managing director and Mrs Howard have waived their rights to both interim and final dividends. Earnings per share, adjusted to take into account the one-for-two scrip, were 4.3p against 15.1p

Cawoods ahead in current year

THE CURRENT year at Cawoods Holdings has started with higher profits in the first three months, says Mr Edward Binks, the chairman of this fuel distribution and building materials group, which this year became a subsidiary of Redland.

"Subject only to unforeseen circumstances over which we have no control and an exceptional mild winter, we expect to produce another satisfactory result for the year," he states.

Mr Binks says the company has been encouraged by the increase in the housing starts figures published recently, "but we must wait to see whether the anticipated improvement in the building industry becomes a reality."

As reported July 17, pre-tax profits for the year to March 31 1982 rose by 23.6 per cent from £13.5m to £16.7m, on turnover of £365.7m (£322.1m).

At the year end, total shareholders funds rose by £7.1m to £50.2m and the book value of net assets increased by £7.4m to £54.7m. Fixed assets expanded to £33m (£25.2m) by additions during the year of £11.8m, which included coal handling, quarry, asphalt, refractories and liquid petroleum gas handling plant and equipment, motor vehicles, equipment for leasing and mineral bearing land.

Stocks decreased by £0.6m to £11.57m, attributable mainly to reductions in stocks of coal, building materials and refractories, which were partly offset by higher oil stocks. Larger debtors of £35.4m (£30.3m) and creditors of £[illegible] (£[illegible]m) reflected increased turnover and higher prices.

Bank balances and cash improved by £3m to £10.5m, and were after expenditure in March of £9.2m on equipment for leasing.

Capital expenditure authorised and outstanding at the year end amounted to £0.1m and further capital spending amounting to £2.3m has been authorised since the year end.

The merger between Cawoods and Redland has now been completed—99 per cent of ordinary shareholders in Cawoods have accepted the equity or cash offer under the terms of the agreed merger.

Meeting, Harrogate, September 8, noon.

Control Securities looks ahead with confidence

SINCE the end of the financial year at Control Securities, Mr Roger Van Doninck, chairman, speaking at the annual meeting, told members that various significant transactions had taken place. Most of the Second City shares had been sold realising a profit of £260,000, which had allowed the company to acquire two office properties in the main business area of Birmingham.

Once the refurbishment was complete these properties would be suitable for institutional investment, and the directors intended to continue seeking to acquire properties of this kind.

Despite the uncertain outlook of the general economic situation Mr Van Doninck said that he could justifiably look forward to the future with more confidence.

He pointed out that in the past five years, the period for which he had been chairman, the performance of the company had given grounds for satisfaction. During that time profits had increased fourfold, total assets had nearly trebled, shareholders' funds had increased two and a half times and the policy of paying an increased dividend had been continued.

The associate company, Cefn, anticipated that it would contribute profits to the Group similar to those of last year and that they would continue to contribute at this level for at least the next three years.

The property dealing division continued to improve its stock while sales of properties during the current year had realised profits of £120,000. Present negotiations should produce further profits for this division, he said.

This year, as a result of transaction with the Second City shares the company had acquired the properties in Birmingham. These properties when refurbished and fully let together with the Exchange in Cardiff would produce an annual income of more than £380,000. The Birmingham Jewellery and Silver Centre would contribute an income of some £125,000 per annum.

The company's rent roll therefore, including increases from existing properties and subject to lettings continuing at their present rate, should more than double during the current financial year.

Due to the rate of expansion, borrowings will rise. Through international connections the company was able to obtain finance at relatively low rates of interest. Mr Van Doninck was confident that financing costs would remain reasonable. He said that he had been told that holders of the £500,000 Convertible Loan Stock were applying to convert which would reduce the annual interest payable by £40,000.

John Howitt more than doubled at £803,944

PRE-TAX profits of the privately owned Nottingham-based John Howitt Group jumped by 108.9 per cent to a record £803,944 for the year to December 31 1981, against £384,857 previously.

Mr Patrick Howitt, the chairman, says that the result is highly satisfactory at a time when numerous competitors are in severe difficulties.

Exceptional volume through the factories—the group is a leading high quality printer geared largely to the advertising and mail order markets—coupled with aggressive marketing, has resulted in a sales increase of 18.8 per cent

The group's continuous policy of investing in the latest technology has enabled all subsidiaries to cope with the extra volume. Customers have benefited from extremely fast turn around of orders.

MINING NEWS

Final dividend reduced at Impala after poor year

BY GEORGE MILLING-STANLEY

SOUTH AFRICA'S Impala Platinum has followed the 10 cents a share cut in its interim dividend with a reduction of 25 cents in the final payment to 50 cents. This makes a total for the year ended June 30 of 75 cents (37½p), against 110 cents for 1980-81.

As forecast at the halfway stage, full-year profits have fallen as industrial demand for platinum has remained weak. Attributable profits came out at R89.2m (£44.6m), down from R126.7m last time.

After a transfer to reserves for expenditure on mining assets, earnings are shown at 155 cents a share, against 229 cents the previous year.

Mr Ted Pavitt, Impala's chairman, said that platinum had been no exception to the general trend of reduced demand and falling prices for metals, although demand from the Japanese jewellery industry remained strong.

Total sales during the past 12 months were still at a reasonable level, Mr Pavitt claimed, although several customers reduced their offtake towards the minimum specified in their contracts.

He added that close liaison with customers meant that there were early warnings of reduced demand, and production was curtailed in an orderly fashion.

Output was reduced during the second half of the year to 680,000 ounces. In view of the present poor state of worldwide demand, Impala has deferred some of its planned capital spending. This is now expected to total about R21m during the current year, down from R36.6m last year and R46m the year before.

Mr Pavitt warned that results for the current 12 months are unlikely to match those announced yesterday, as working costs are still increasing and any improvement in demand for platinum will probably be only gradual.

The very low level of traditional industrial offtake of the metal from the free market has resulted in the price in that market falling substantially below the producer price, Mr Pavitt pointed out.

Impala, along with Rustenburg Platinum, the western world's other major supplier, is still trying to maintain a producer price of $475 per ounce, while spot market prices are currently about $200 below that level.

Unless there is an improvement in industrial demand, Mr Pavitt said, the free market price will continue to follow the movements of the gold price, rather than reflect the supply-demand position in platinum.

The shares closed 4p lower at 232p in London last night.

Charter to share S. Crofty with RTZ

LONDON'S Charter Consolidated mining and industrial group yesterday announced that it had secured a controlling interest in South Crofty, the Cornish tin producer, and intended to bid for the minority as soon as possible.

This had been expected, as it was in line with earlier announcements of Charter's plans, but the group did cause some surprise to the share market with a further statement to the effect that it planned to operate South Crofty as a joint venture with the Rio Tinto-Zinc group.

Last week, Charter announced an agreement to buy 65.24 per cent of the Cornish company from St Piran, a company controlled by Mr Jim Raper's Gasco Investments, provided that certain conditions were met.

Charter's conditions were fulfilled by the news that the High Court had lifted restrictions on both St Piran and Gasco against disposing of their stake in Crofty, and a price for the controlling interest of £8.52m was suggested in court.

This price, which represents 70p per share, was confirmed yesterday, and will apply to Charter's offer for the minority. It compares with a pre-suspension price for Crofty of just 23p.

RTZ's involvement came about because the group had built up a stake of 10.19 per cent in Crofty before Charter's deal with St Piran. This holding will be retained, and after the completion of the offer to the minority, Charter will sell to RTZ enough shares to bring the latter's holding to 40 per cent of Charter's eventual stake, at the same price of 70p per share.

For RTZ, the deal effectively secures the supply of tin concentrates from Crofty to its Capper Pass smelter on Humberside, which already processes much of the concentrates produced in Cornwall.

It also represents a significant expansion in the group's interests in tin production in the county.

Apart from its holding in Crofty, RTZ already owns the relatively young Wheal Jane and Mount Wellington mines, and a stake of 17.9 per cent in the veteran Geevor. The group has also recently agreed to acquire some surface installations from Billiton, part of the Shell group.

Lower profits for Long Lac

FORWARD SALES of gold helped Long Lac Minerals, the main operating company of Canada's Little Long Lac Gold Mines group, to limit the fall in profits for the first half of this year.

Net profits came out at C$11m (£5.16m) or 68 cents a share, down from C$12.9m or 91 cents for the first half of 1981, reports John Soganich from Toronto. Sales rose to C$44.9m from C$44.3m.

Higher gold production was offset by lower realised gold prices and higher operating costs, the company said.

The latest results also affect the recent restructuring of the group, under which Long Lac Minerals acquired the assets of Willroy Mines, Les Mines Est-Malartic, Les Terrains Aurifères Malartic (Quebec) and Long Lac Mineral Exploration.

Extensive exploration work in the Malartic district of north-western Quebec has resulted in the discovery of five gold deposits, all of which are reported to be amenable to open-cast mining.

The deposits contain indicated reserves of about 6m tons of low-grade gold mineralisation, grading around 1.5 grams of gold per tonne of ore.

A diamond drilling programme of limited scope at Barraute, about 50 miles north-east of Malartic, is described as encouraging, but more work is needed to permit the group to make estimates of tonnage and grade.

The group's exploration arm, Long Lac Mineral Exploration, has announced the discovery of what it calls significant mineralisation in the Hemlo district of north-western Ontario.

Preliminary estimates based on the initial drilling programme indicate a gold zone with an average width of 23.7 metres, containing perhaps 1.5m tonnes of ore to a depth of 150 metres.

The ore is said to have an average grade of 4.98 grams per tonne, and the zone is still open at depth.

Philippines groups slide into the red

THREE OF the leading metal producers in the Philippines have turned in net losses for the six months to June 30, mainly as a result of low metal prices.

Lepanto Consolidated recorded a net loss of Pesos 24.9m (£1.75m), compared with profits last time of Pesos 31m. Marcopper Mining lost a net Pesos 48.4m against a Pesos 12.7m profit, and Marinduque Mining and Industrial saw its net loss widen to Pesos 846.2m from Pesos 368.1m.

In the case of the last-named, the first half loss is almost as big as the loss of Pesos 872m for the whole of 1981, reports Leo Gonzaga from Manila.

All three companies produce copper concentrates which also contain by-product gold and silver, while Marinduque produces nickel and cobalt in addition.

Prices for all these have been low for some time, and this was the principal reason for the poor profits performance. Beyond that, Marcopper suffered from the loss incurred by its Mar Fishing subsidiary, while Marinduque continued to bear the burden of high interest payments.

In the latest half-year, Marinduque's interest payments on foreign borrowings alone increased by Pesos 245.3m. The government plans to assume the cost of the company's foreign debt this year, through the Development Bank of The Philippines and the Philippine National Bank.

BIDS AND DEALS

Buyout from Lex Service

Lex Service Group has sold Sellers and Baily (Hatfield), a North London commercial vehicle distributor, to its management for an undisclosed amount.

The Industrial and Commercial Finance Corporation (ICFC) also provided backing and has taken a 30 per cent stake in the new company, S & B Commercials.

S & B has an ERF distributorship covering North London, Hertfordshire and Buckinghamshire and has now extended this into Essex. It has also negotiated a light commercial vehicle franchise from the West German manufacturer M.A.N./VW.

The management team, comprising five directors, is headed by Mr Ron Holmes, who has managed the commercial vehicle operations of Lex for eight years. S & B's total workforce is 50.

Mr Holmes forecast the new company would achieve turnover of around £4m this year.

"The commercial vehicle sector has been fraught with problems but good companies with good franchises will still be able to make good returns," he said.

Lex has recently rationalised its commercial vehicle activities.

BERISFORD/BSC

Acceptances at 3 pm on August 13, 1982 of S. and W. Berisford's offer for British Sugar Corporation have been received in respect of 13,617,850 British Sugar shares, representing 22.7 per cent of the share capital. On July 9, Berisford held 24,014,326 shares and has subsequently acquired a further 6.3m. Berisford is now interested in 43,932,212 shares, or 73.22 per cent.

The offer remains open for acceptance until August 19.

WHITTINGTON

Whittington Estates has acquired Pigott Properties (Oxford) for £171,000 cash. Pigott owns properties in the Oxford area which are held for investment purposes.

Net profit before tax for year to end-March 1982 was £17,592 and net assets at that date were £232,478. This acquisition is a further significant step in the company's expansion policy.

SHARE STAKES

Black Arrow Group—Williams and Glyn's has disposed of 992,485 shares (15.03 per cent).

Martin-Black — Company has been notified by House of Sethia that one of its subsidiaries has acquired a further 76,000 ordinary. House of Sethia's previous interest was 913,000 shares (13.84 per cent).

Multitone Electronics — Mr I. H. Karten has renounced 3m ordinary shares in favour of the Ian Karten Charitable Trust. Following this transfer, Mr and Mrs I. H. Karten will be the beneficial owners of 3,100,164 ordinary. Mrs D. Schuler has acquired 2,200 ordinary.

Ladies Pride — Prudential Corpn group of companies is now interested in 647,000 ordinary shares (7.6 per cent).

Greencoat Properties — Fairclough Construction Group has increased its holding to 12.82 per cent.

Post Office Staff Superannuation Fund has sold 400,000 ordinary shares reducing its holding to

Albert Fisher Group—Mr C. Colling, a director, has purchased 67,500 ordinary shares and now holds 70,738 shares.

Howard Tenens Services—P. E. Morris, director, has sold 12,500 ordinary shares. C. E. Morris, director, has sold 2,500 ordinary shares.

Rights and Issue Investments—Fidelity Maximum Income Equity Trust holds 170,000 income shares (7.08 per cent).

Amber Day Holdings—R. Metzger, a director, has ceased to have a non-beneficial interest in 191,980 ordinary shares and 2,000 cumulative redeemable preference shares.

Continental & Industrial Trust—At August 11 1982, Pearl Assurance held 1.17m ordinary shares (6.91 per cent).

Narborough (FMS) Rubber Estate—Johore State Economic Development Corporation have acquired 50,000 ordinary shares in Narborough (FMS) Rubber, increasing its holding to 540,000 shares (10.1377 per cent).

NO PROBES

The following mergers will not be referred to the Monopolies and Mergers Commission: Aetna Life and Casualty Company — a substantial minority interest in Samuel Montagu and Co (Holdings); F. J. C. Lilley PLC/Mallerstang Holdings.

LONDON TRADED OPTIONS

August 15 Total Contracts 1183 Calls 828 Puts 356

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP (c)	260	18	5	25	—	36	1	306p
BP (c)	280	8½	18	16	7	26	1	"
BP (c)	300	4	—	8	5	—	—	"
BP (p)	260	13	50	17	—	24	1	"
BP (p)	280	28	35	32	—	40	—	"
CU (c)	130	9	8	12	—	17	—	151p
CU (c)	140	4	3	8	—	12	—	"
Cons. Gld (c)	390	50	—	42	2	47	—	404p
Cons. Gld (c)	420	10	34	22	1	28	—	"
Cons. Gld (p)	390	20	2	34	2	48	—	"
Ctlds. (c)	70	12	—	14	8	16	—	78p
Ctlds. (c)	80	6	4	8	—	10	—	"
Ctlds. (p)	80	5¼	—	7¼	6	9¼	—	"
GEC (c)	900	143	1	180	—	—	—	1010p
GEC (c)	1000	63	2	97	4	132	—	"
GEC (c)	1100	20	1	45	8	170	—	"
GEC (p)	950	12	1	16	—	—	—	"
GEC (p)	1000	25	1	38	—	48	—	"
GEC (p)	1100	85	1	98	—	105	—	"
Gr'd Met. (c)	220	33	1	38	—	—	—	247p
Gr'd Met. (c)	240	16	22	23	13	25	1	"
Gr'd Met. (c)	260	8	138	15	—	17	—	"
Gr'd Met. (p)	220	5	4	7	—	—	—	"
Gr'd Met. (p)	240	7	10	13	11	16	8	"
Gr'd Met. (p)	260	19	2	22	10	25	—	272p
ICI (c)	280	10	8	20	1	30	—	"
ICI (c)	300	0	39	10	17	20	—	"
ICI (p)	280	17	2	22	15	28	—	"
Land Sec. (c)	260	12	—	21	1	29	—	274p
Land Sec. (c)	300	6	4	15	—	20	—	"
Mks & Sp. (c)	150	35	3	—	—	—	—	188p
Mks & Sp. (c)	160	10½	23	18	—	10	—	"
Mks & Sp. (c)	180	5	—	7	25	11	—	"
Mks & Sp. (p)	160	5½	7	9	—	9	—	"
Shell (c)	330	58	2	—	—	—	—	380p
Shell (c)	360	30	4	40	2	40	—	"
Shell (c)	390	11	7	26	2	32	—	"
Shell (c)	420	3½	2	13	1	19	—	"
		November		February		May		
Barclays (c)	360	20	5	—	—	—	—	365p
Barclays (c)	360	14	37	25	20	33	21	"
Barclays (c)	385	9	5	—	—	—	—	"
Barclays (c)	390	7	—	12	2	25	—	"
Barclays (c)	420	2	7	8	—	—	—	"
Barclays (p)	360	20	2	22	10	30	—	"
Barclays (p)	385	36	1	40	—	55	—	"
Barclays (p)	390	40	5	47	—	—	—	"
Imperial (c)	80	8½	—	2½	—	12	2	94p
Imperial (c)	100	3¼	4	5½	—	6½	1	"
Imperial (p)	90	4	12	5	—	8½	1	"
Imperial (p)	100	10½	5	12	—	13½	—	"
Lasmo (c)	300	60	3	62	—	76	—	332p
Lasmo (c)	330	28	12	45	—	56	—	"
Lasmo (c)	360	12	13	28	—	—	—	"
Lonrho (c)	70	20	10	23	10	—	—	87p
Lonrho (c)	80	11½	69	14	2	16	—	"
Lonrho (c)	90	3½	55	6	50	9	2	"
Lonrho (p)	80	3	20	4	91	5	5	"
Lonrho (p)	90	5	10	8	—	10	1	"
P & O (c)	150	21	—	24	2	30	—	146p
P & O (c)	140	15	60	18	—	22	—	"
P & O (p)	140	5	2	10	—	14	1	"
Racal (c)	500	12	2	26	1	48	—	476p
RTZ (c)	420	24	5	37	—	47	—	414p
RTZ (c)	460	7	2	16	—	—	—	"
Vaal Rfs. (c)	50	3¼	28	7½	—	8	—	$52
Vaal Rfs. (c)	55	1¼	20	4½	—	5½	1	"
Vaal Rfs. (p)	50	4½	1	5	—	7	—	"

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$300	4	42 B	—	—	4	62 e	$348.20
GOLD C	$325	2	18 B	5	35 B	1	44 B	—
GOLD C	$350	10	1.50	—	—	4	32.50 B	"
GOLD C	$375	10	0.10	15	11 B	5	9	"
GOLD P	$300	23	0.10	—	—	—	—	"
GOLD P	$325	—	—	13	12	—	—	"
GOLD P	$350	20	12.50 B	18	23	—	—	"
GOLD P	$375	—	—	5	41 A			
12¾ NL 81 87-91								
C	F.110	310	2.50	—	—	8	1.60	F.112.60
P	F.110	—	—	—	—			"
12 NL 81 85-88								
C	F.102.50	6	2.50	—	—	—	—	F.104.80
C	F.106	15	0.30	—	—			"
10¾ NL 80 86-25								
C	F.100	5	1.80	—	—	—	—	F.101.80
C	F.102.50	443	0.20	—	—	—	—	"
11¼ NL 82 88-92								
C	F.102.50	120	1	34	2.40	—	—	F.103.80
P	F.105	10	1.70	10	2.20	—	—	"
10 NL 82 86-89								
C	F.100	—	—	—	—	10	1.90	F.99.20
10½ NL 82 86-89								
C	F.100	—	—	220	1.30 B			F.100.[illegible]
		Oct.		Jan.		April		
ABN C	F.260	15	9	—	—	—	—	F.270
ABN P	F.260	11	7.50	—	—	—	—	"
ABN P	F.280	10	23.50	—	—	—	—	"
AKZO C	F.22.50	8	3.80 B	—	—	—	—	F.26
AKZO C	F.25	287	1.50	15	2	—	—	"
AKZO C	F.27.50	—	—	—	—	40	7.50	"
AKZO P	F.25	80	0.90	12	1.30 A	2	1.80	"
AKZO P	F.27.50	10	1.80	—	—	2	3	"
AMRO C	F.40	1	0.80	5	2.30	—	—	F.38
AMRO C	F.50	—	—	1	0.50 A	—	—	"
AMRO P	F.40	19	3.90	38	4.50	20	4.40 A	"
AMRO P	F.45	56	7.50	13	7.50	1	5	"
HEIN C	F.60	16	5.70	—	—	4	7.30	F.64.80
HEIN C	F.65	143	2.20	51	4	—	—	"
HEIN P	F.65	100	1.80	—	—	—	—	"
IBM C	$65	6	2¼	—	—	—	—	$63
IBM P	$63	1	5½	—	—	—	—	"
KLM C	F.80	14	6.50	—	—	1	11	F.84
KLM C	F.90	100	2.20	—	—	—	—	"
KLM C	F.100	1	0.70	—	—	—	—	"
KLM C	F.120	—	—	6	0.50	—	—	"
KLM P	F.80	91	1.80	7	3.30	4	4	"
KLM P	F.90	6	7.10	3	7.80	1	8	"
KLM P	F.120	—	—	2	36	—	—	"
NEDL C	F.110	—	—	—	—	1	7.60	F.107.10
NEDL P	F.100	7	1.40	—	—	—	—	"
NEDL P	F.110	—	—	5	8	9	6.30	"
NATN C	F.115	3	2.60 B	1	4.50	—	—	F.117
NATN C	F.120	10	0.50	—	—	—	—	"
PHIL C	F22.50	105	1.90	—	—	1	2.60 B	F.23.60
PHIL C	F.25	108	0.60	64	1	10	1.20	"
PHIL P	F.22.50	—	—	10	0.80	—	—	"
PHIL P	F.25	20	1.60	—	—	—	—	"
POLA C	$20	10	5½	5	4½	—	—	$22⅜
RO C	F.80	89	5	2	5.60	9	7.20	F.83.40
RO C	F.90	275	0.80	11	2.10	49	2.80	"
RO C	F.100	20	0.30	—	—	—	—	"
RO P	F.80	24	2.50	—	—	—	—	"
RO P	F.90	14	8.80	—	—	—	—	"
UNIL C	F.150	95	5.50	—	—	—	—	F.152
UNIL C	F.160	23	1.70	—	—	1	2.80	"
UNIL P	F.140	3	0.70	—	—	—	—	"
UNIL P	F.150	73	3	—	—	—	—	"
UNIL P	F.160	15	8	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS 5,595

A=Asked B=Bid C=Call P=Put

COMMODITIES AND AGRICULTURE

Coffee pact compromise expected

COFFEE producing countries' dependence on their coffee exports is likely to force a compromise at the International Coffee Organisation (ICO) talks in London next month, according to Hamburg coffee trade house Bernhard Rothfos.

Many producer countries would fare badly in an unprotected world market if no agreement was reached on export quotas for next year, it said. "This is why they will probably battle through to a compromise."

The ICO talks, which resume on September 6, were adjourned in June without agreement.

● COLOMBIA'S coffee growers federation has signed an agreement in London for a revolving credit of $68m to finance coffee marketing operations in Europe.

● HENS are happiest in battery cages . . . and the proof of their contentment is that they lay more eggs, Mr Basil Carver, vice-chairman of the National Farmers' Union poultry committee, claimed in an article in Poultry Forum, published by the NFU.

● UNITED City Merchants PLC has established a commodity division, in addition to its international trading, confirming, timber and leather business. The company said its new division would provide financial services, specifically in the area of commodities and futures, including broking, trading, investment fund management and research.

● THE U.S. Agriculture Department has not retreated i nits fight against what U.S. officials call unfair farm trade practices by the EEC, Secretary of Agriculture Mr John Block said in Washington yesterday. Besides the five subsidy cases the U.S. filed under the Gatt, other actions were being considered, he said.

● BARLEY — Intervention offers received at the UK home-grown cereals authority (HGCA) regional offices up to last Friday totalled about 800,000 tonnes. The HGCA said the pace of offers had continued to slow, with 93,000 tonnes reported in the week against 105,000 tonnes the previous week.

French ban on hormone meat

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE French Government has imposed a ban on imports of meat from animals treated with hormones.

While the apparent target of the ban is meat from Belgium, the action is widely believed to be indirectly aimed at British imports—in retaliation for the turning back of two lorry loads of French poultry meat, which had attempted entry some days ago.

Poultry products have been kept out by a ban imposed a year ago on the grounds that the flocks from which they originated had been vaccinated against Newcastle disease (fowl pest).

This British ban has been ruled illegal by the European Court, but it is still in operation pending the development of an alternative method of controlling the importation of poultry products which might carry the disease.

According to a French Ministry of Agriculture official interviewed on the BBC's World at One programme, the ban will be operated by officials at ports of entry who will turn back meat judged to be affected.

Hormones are widely used in some countries as growth promoters for livestock. Consumer protection organisations claims residues in meat are a danger to human health.

Lamb imports into France from the UK are negligible at the moment, because of the operation of the clawback or export levy equivalent to the premium payment under the EEC sheep meat regime. In any case hormone implants are not usually applied to lambs.

The main target of the French ban is probably the imports of pig meat and veal from Holland and Belgium, competition from which is making life hard for French farmers. On the other hand French sheepfarmers are well sheltered by the clawback arrangements.

Test points to bigger sugar crop

BONN — Results from the second West German sugar beet test of the 1982-83 campaign show average beet weight at 588 grammes against 537 in the second test last year and 501 in this campaign's first test, the Sugar Industry Association said.

Sugar content was 13.1 per cent, compared with 12.5 per cent last year and 13.8 per cent in the first 1982-83 test, it said.

The average number of beet per hectare was 71,800 against 71,100 last year and 71,500 in the first test.

In London, meanwhile, sugar experts said Britain's 1982/83 beet crop, harvested between October and February, still required more rainfall to fulfil its good potential.

Rain had been sufficient in the north and west of the country during the past 10 days but in many parts of the east, accounting for two-thirds of the crop, leaves had started to wither, they reported.

However, the crop still had the potential to exceed Britain's European Community sugar quotas totalling 1.14m tonnes, British Sugar PLC said.
Reuter.

MALAYSIAN COCOA

Learning to live with surplus

BY DAVID DODWELL, RECENTLY IN SABAH

DICKSON CHOK, for 16 years a Sabah's cocoa planter, cut a cocoa pod with the care deserving of a passion fruit as he talked: "With world prices below $3,500 a tonne we are in serious trouble—even on the best productivity in the world."

Dickson, prematurely grey, and with an English accent that could have been learned at Charterhouse, speaks with some authority. Estates from his home town of Tawau in Malaysia's eastern state of Sabah, are among the most prolific in the world.

As prices have plummeted, Mr Dickson's forecast is stark: "A lot of plantations are soon going to go out of business. The only virtue of this will be that we may then return to a position of shortage."

But shortages seem likely to be a thing of the very distant future. Four years ago, with world prices around $6,500 a tonne, cocoa was everyone's glamour product. Every acre under cocoa seemed likely to be a licence to print money.

As farmers have followed fashion, shortage has been turned to glut. Since cocoa trees take at least three years before they produce a marketable crop, most of the new plantations have yet to start offloading their output on to the world market. The glut seems likely to get worse for some time before it begins to get better.

A good case in point is the Sakilan Desa plantation, near Sandakan and just a few miles east of the Tawau cocoa region. Dickson Chok was called in by Sabah's KPD, or rural development corporation, to establish the plantation in mid-1978.

By December 1979, 2,000 acres had been planted under jungle cover. By the end of 1981, 6,000 acres had been planted, rising to about 7,000 acres by the end of this year. The plantation will eventually grow to 12,500 acres.

First crops from the plantation last year amounted to 65 tonnes. This year, 430 tonnes will be ready for sale, and by next year, output will have risen to about 1,500 tonnes. Dickson Chok predicts output of 4,000 tonnes by 1985, and 7,000 once the plantation is mature.

At present prices, the plantation will struggle to stay viable. Though climatic and soil conditions are not as good as the Tawau area, Dickson Chok is confident of producing at least half a tonne of cocoa per acre—about twice the world average but even then, with 20 per cent of current costs eaten up by interest on loans raised to get the plantation off the ground, profits are likely only when world prices rise above 3,500 a tonne.

Additional strains are created by exceptional factors—like the huge wastage of plantation workers every year, and by appearance of the notorious cocoa pod-borer moth.

Sakilan Desa has to recruit over 3,000 workers a year—most of them immigrants from Indonesia or the Philippines—just to maintain a workforce of 1,500. Most recruits disappear after a month or two on the plantation, in search of higher paid jobs in Sabah. They often leave bad debts, which cost the management an average of M$100,000 a year.

The pod-borer is a more ominous threat. In the last century, this moth wiped out cocoa production in Indonesia. More recently, it has brought the industry in the Philippines to a standstill.

The emergence of the pod-borer in the Tawau area, where about 60 per cent of the plantations are now affected, has so far inflicted little damage—though a drive to exterminate infested pods failed amid controversy.

The Sakilan Despa plantation typifies developments elsewhere in Malaysia—and no doubt in many other developing countries keen to broaden their agricultural base and bring some wealth to the rural population.

Malaysia only ventured into cocoa production in the early 1960s, at which time the economy was dominated by the rubber and tin industries. But by this year, output had risen to 60,000 tonnes, and is likely to rise to 100,000 tonnes within the next three years. This will make Malaysia one of the world's leading cocoa manufacturers, alongside Brazil, the Ivory Coast and Ghana. In spite of current world surpluses, most of Malaysia's new production has yet to come to the market.

In spite of current adversities, Dickson Chok refuses to be pessimistic about the prospects of Malaysia's cocoa producers. At least half of Malaysia's cocoa comes from Sabah, and half of this comes from his home area of Tawau.

Recalling the remarkable productivity of plantations in the region, Dickson is certain that others will collapse before he does: "In this industry, in the last resort, it is not the world price which controls whether you survive or not—it is efficiency. And there is hardly anyone more efficient than us.

"It's true we are feeling the squeeze, but if we are feeling it, then other are feeling it more painfully. They are the ones that will collapse not us."

As he drives away in a luxurious Range Rover his mood combining gloom for the industry as a whole and confidence for Malaysia, is difficult to contradict.

U.S. bank rate cut lifts LME prices

BY OUR COMMODITIES STAFF

NEWS OF cuts in U.S. bank prime rates sparked a general rise in London Metal Exchange base metal prices yesterday afternoon.

After opening firmer, copper values fell back on trade selling in the morning, but rose again in the afternoon in line with the advance inspired on New York's Comex by the prime rate cuts. At the close cash high grade metal was quoted at £829.50 a tonne, £4.50 above Friday's close.

Tin was very quite with the cash standard price ending £8.50 down at £6,791.50 a tonne.

Lead and zinc prices were influenced by the rise in copper. But while cash zinc closed £7 up at £414 a tonne, lead was held back by the announcement of a 3,850 tonnes rise in LME warehouse stocks to 118,450 tonnes. Cash lead ended the day only £0.25 up at £295.50 a tonne.

Stocks rises were also recorded for copper, up 1,275 tonnes to 145,925, zinc, up 1,075 tonnes to 70,375, and aluminium, up 900 tonnes to 214,050.

Tin stocks were down 320 tonnes to 39,905, nickel stocks fell 66 tonnes to 1,320 and silver stocks fell 100,000 troy ounces to 36.65m.

The tin stocks decline came in spite of deliveries into LME warehouses totalling 1,530 tonnes last week. Dealers said these reflected recent shipments from the Far East.

Peninsular Malaysian tin concentrates production fell in June to 5,923 tonnes containing 4,467 tonnes of metal from 6,630 tonnes containing 4,995 tonnes of metal in May.

EEC aid boosts rape production

HAMBURG—The European Community's price support policy has played a decisive role in more than doubling its rape production over the past five years, the Hamburg branch of American Soyabean Association claimed yesterday.

The 1982-83 EEC crop is expected to total around 2.46m tonnes or 19 per cent of world production, compared with only 1.18m tonnes or 11 per cent in 1978-79.

The French crop will rise to an estimated 1.15m tonnes in 1982-83 from 568,000 in 1978-79 while the British crop is expected to rise to 442,000 tonnes from 155,000 and the Danish crop to 318,000 tonnes from 100,000 over the same period, it estimated.

The West German crop was also increased substantially
Reuter

Chicago futures trial delay likely

BY NANCY DUNNE IN WASHINGTON

THE THREE-YEAR trial of futures options, due to be launched on September 1 by the Chicago Board of Trade, may be delayed 30 days to give brokers more time to prepare for the programme.

In a letter to the Commodity Futures Trading Commission, Mr John Conheeney, chairman of Merrill Lynch Commodities, suggested that futures commission merchants would be better able to handle the new instruments if the exchange waited until October 1.

The board which has failed in various attempts to obtain a stock index contract, has been driving hard to become the first to offer futures options. Its proposed contract—based on its treasury bond contract—the highest volume future in the industry, is expected to get CFTC approval on August 31 along with three others.

Also due for commission approval are Comex and the Mid-American Commodity Exchange with gold options and the Coffee, Sugar and Cocoa Exchange with a sugar options contract.

Board of Trade members have been optimistic about the options programme. They believe it will increase trading of the popular T-bond with new spreading and hedging. However, other exchanges have been reluctant to set opening dates until they are certain that the brokers, who had to design computer systems to handle the business, are ready.

Members of the Coffee sugar and Cocoa Exchange have voted to start trading sugar options on October 1. At the Mid-America Exchange members are taking a "wait and see" position on the proposed gold contract which, at one-third the size of the Comex contract, is designed to attract smaller traders.

Fishmeal plant plan for Barra

THE Hull Fish Meal Company hopes to build a modern fishmeal plant on the island of Barra in the Outer Hebrides.

If the financial arrangements for the factory are satisfactory about a third of the machinery at Hull will be moved.

The Hull plant is working at only about 10 per cent capacity because of the decline of the local fishing industry.

Mr Matthew Anderson, managing director, said it made sense to take idle machinery to where it had a future and would create employment. The transfer of plant would mean no loss of jobs at Hull, he said.

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	30.80-31.30	
Iranian Light	29.90-30.10	+0.05
Arabian Heavy	28.75-28.80	
North Sea (Forties)	31.70-32.00	—0.17
African (Bonny Li'ht)	33.00-33.25	—0.25
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	328-332	—0.5
Gas oil	273.5-287	—3.0
Heavy fuel oil	155-157.5	—0.25

GAS OIL FUTURES

Trading was thin, with the market opening unchanged, steadying and then below easing back. Physicals were also quiet, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
August	289.00	+2.00	290.00-88.50
Sept.	282.25	+1.00	285.50-81.50
Oct.	284.00	+0.25	285.50-83.75
Nov	285.25	—0.25	287.50-85.00
Dec.	286.25	—0.50	289.00-86.50
Jan.	289.00	—1.00	289.25-88.00
Feb.	289.75	—1.75	—
March	294.00	—3.00	—
April	284.00	—3.50	—

Turnover: 1,061 (1,449) lots of 100 tonnes.

GOLD MARKETS

Gold rose $4 to $342-343 in the London bullion market yesterday, finishing at the highest level of the day. It opened at $337½-338½ and was fixed at $337.25 in the morning and $341.75 in the afternoon. Gold touched a low of $337-337½.

In Frankfurt the 12½ kilo gold bar was fixed at DM27,430 per kilo ($338.97 per ounce), compared with DM27,230 ($339) previously, and closed at $341¼-342¼, against $337½-338½.

In Zurich gold finished at $340-$343, compared with $337-340.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	£ per troy ounce		
August	200.00-2.00	+2.250	—
Sept'mb'	201.75-3.25	+2.750	—
October	203.75-3.85	+2.400	203.75-0.40
November	204.60-5.00	+1.800	—
December	205.50-7.00	+1.500	—
January	207.50-9.00	+1.225	—
February	209.00-11.0	+1.750	—

Turnover: 132 (161) lots of 100 troy ounces.

	Aug. 16		Aug 13	
Gold Bullion (fine ounce)				
Close	$342-343	(£200¾-201¼)	$338-339	(£198¼-198¾)
Opening	$337½-338½	(£197¾-198¼)	$337½-338½	(£198-198½)
Morning fixing	$337.25	(£198.149)	$337.75	(£197.284)
Afternoon fixing	$341.75	(£200.675)	$338	(£197.488)

Gold Coins Aug. 16					
Krugrnd	$350¾-351¼	(£205-206½)	King Sov.	$86-87	(£50½-51)
½ Krug	$181-182	(£106¼-107)	Victoria Sov.	$86-87	(£50½-51)
¼ Krug	$91-92	(£53½-54)	French 20s	$73½-76¾	(£43¼-44½)
1/10 Krug	$37-38	(£21¾-22¼)	50 pesos Mex.	$418-422	(£246¼-248)
Mapleleaf	$350¾-351¼	(£206-206¾)	100 Cor. Aust	$330-334	(£193¾-196¼)
New Sov	$81¼-81¾	(£47¾-48)	$20 Eagles	$388-391	(£228¾-229¾)

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES were generally a shade firmer on the London Metal Exchange with sentiment encouraged by the cuts in U.S. prime rates. Copper fluctuated between £830 and £840 prior to closing at £835.5, with trade selling offset by short covering and a strong opening on Comex. Tin was little changed, closing at £6,770. Lead and Zinc closed at £308.25 and £421.75 respectively, the former being restrained by the stocks rise. Trade selling lowered Nickel to £2,795. Aluminium was finally £568.5.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
HighGrde				
Cash	824.5-5	+.25	829-30	+4.5
3 mths	829.5-30	—2.5	855-6	+5
Settlem't	825	—	—	......
Cathodes				
Cash	791-2	—7	797-9	+5
3 months	810-1	—3.25	815-6	+4.5
Settlem't	792	—7	—	......
U.S. Prod.	—	—	*70-75	......

Amalgomated Metal Trading reported that in the morning cash Higher Grade traded at £828.00, 27.50, 27.00, 26.50, 26.00, 25.00. Three months £837.00, 36.00, 35.00, 34.00, 33.00, 32.00, 31.00, 30.00. Cathodes: Cash £791.00. Kerb: Higher grade, three months £830.00, 31.00, 30.50, 30.00. Afternoon: Higher grade, cash £830.00, three months £836.00, 35.50, 36.00, 37.00, 35.50, 36.00, 35.50. Cathodes, three months £815.00. Kerb: Higher grade, three months £836.50, 37.00, 36.50, 36.00, 35.50, 35.00, 35.50. Turnover: 30,125 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	6795-800	—52.5	6790-5	—8.5
3 months	6755-65	—27.5	6750-60	—
Settlem't	6800	—55		
Standard				
Cash	6795-800	—55	6790-5	—8.5
3 months	6745-50	—48	6744-5	—10.5
Settlem't	6800	—55	......	
Straits E.	$29.15		......	
NewYork				

Tin—Morning: Standard, cash £6,795, three months £6,750, 40, 50. Kerb: Standard, three months £6,735, 30. *Afternoon:* Standard, cash £6,785, 93, three months £6,740, 45. Kerb: Standard, three months £6,750, 68, 70. Turnover: 1,595 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	295.5-6	—4.25	295-6	+.25
3 months	305.5-6	—3.75	305.5-7	+1.5
Settlem't	295.5	—4.5		
U.S. Spot			*28-8	

Lead—Morning: Cash £295.00, 95.25, three months £306.00, 05.50. Kerb: Three months £306.00, 07.00. Afternoon: Three months £308.00, 07.00. Kerb: Three months £307.00, 06.50, 06.00. Turnover: 11,875 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	409-.5	+2.75	413.5-4.5	+7
3 months	417.5-8	+5.5	421.5-2	+9
S'ment	409.5	+2.5		
Primw'ts	—		57-40.5	

Zinc—Morning: Cash £408.50, 09.00, three months £419.00, 17.00, 17.50, 18.00. Kerb: Three months £419.00, 20.00, 21.00, 22.00, 21.00. Afternoon: Three months £422.00, 25.00, 24.00, 24.50, 24.00, 22.00. Kerb: Three months £422.0, 21.50, 22.00. Turnover: 10,850 tonnes.

Alumnm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	549.5-51	+.5	550-1.5	+5.25
3 months	568-9	+7.5	569-70	+4.25

Aluminium—Morning: Three months £568.50, 67.00, 68.00. Kerb: Three months £568.00. Afternoon: Three months £571.00, 70.00, 69.50, 69.00, 68.50, 68.00, 68.50, 69.00. Kerb: Three months £568.00, 68.50, 69.00. Turnover: 10,025 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	2930-40	—5	2800-20	—25
3 months	2915-20	+12.7	2800-5	—35

Nickel — Morning: Kerb: Three months £2,840, 35, 20. Kerb: £2,810. Afternoon: Three months £2,810, 05. Kerb: Three months £2,800, 2,795, 90. Turnover: 492 tonnes.

SILVER

Silver was fixed 3.15p lower for spot delivery in the London bullion market yesterday at 369.85p. U.S. cent equivalents of the fixing levels were: 628c for spot; 643.6c for three-month: 666.3c for six-month; and 706.3c for 12-month. The metal opened at 367-370p and closed at 383-386p.

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	369.85p	—3.15	383.50p	+5.00
3 months	379.75p	—2.95	395.50p	+8.00
6 months	389.25p	—3.10	—	......
12 months	408.00p	—2.60	—	......

LME—Turnover 56 (96) lots of 10,000 ozs. Morning: cash 367.0, three months 378.0, 77.5. Kerb: three months 379.0. Afternoon: three months 390.5, 90.0, 91.0, 93.5, 93.0, 92.5, 93.0. Kerb: three months 394.0, 92.5.

COCOA

In contrast to recent activity futures traded lethargically. Physical trading mirrored this lack of interest, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Sept	976-77	+8.0	978-75
Dec.	919-20	+11.0	880-11
March	954-65	+15.0	955-45
May	972-75	+16.0	974-69
July	990-92	+10.5	992-84
Sept	1009-11	+9.5	—
Dec	1031-52	+11.0	1032

Sales: 783 (1,999) lots of 10 tonnes.
ICCO—Daily price for Aug 16: 70.49 (67.32). Indicator price for Aug 17: 67.60 (67.27).

COFFEE

During a quiet early session trade buying in thin conditions prompted gains of £10-17, reports Drexel Burnham Lambert. Linked to a steady New York performance opening levels were maintained despite a minor retracement.

COFFEE	Yest'day's Close	+ or —	Business Done
Sept	1242-43	+15.5	1245-25
Nov.	1116-17	+11.5	1119-08
January	1134-55	+1.5	1044-25
March	992-95	—5.5	1005-987
May	996-70	—3.5	978-67
July	940-49	—1.5	950-44
Sept	910-35	+6.0	—

Sales: 2,596 (2,141) lots of 5 tonnes.
ICO indicator prices for August 13: (U.S. cents per pound): Comp. daily 1979 116.09 (116.96); 15-day average 115.35 (115.26).

GRAINS

The market opened unchanged but some early shipper buying firmed wheat while barley came under pressure from hedge selling. The market later drifted in quiet trading with more pressure coming on the nearbys. Acli reports.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yest'rdys' close	+ or —
Sept.	110.00	—0.05	104.99	—0.25
Nov.	113.65	—0.05	108.65	—0.15
Jan.	117.25	—	112.55	—0.10
Mar.	120.60	+0.05	115.45	—0.15
May.	123.85	+0.06	119.50	—0.25
July	126.90	—	—	

LONDON GRAINS—Wheat: U.S Dark Northern Spring No. 1 14 per cent Sept 108.75, Oct 109.25, Nov 112.00 sellers. English Feed fob Sept 115, 111.50 East Coast sellers, Oct 115.50 paid East Coast. Maize: French Aug 136, Sept 136.50 sellers transhipment East Coast. S African White/Yellow Aug-Sept 85.00 seller. Barley: English Feed fob spot 103.75 East Coast, Aug 104.50 South Coast, Oct-Dec 112.50 East Coast sellers. Rest unquoted.

HGCA—Location ex-farm spot prices. Other milling wheat: Eastern 113.10. Feed barley: Eastern 98.60, E. Mids 99.20, N. East 100.10, Scotland 102.70. The UK Monetary Coefficient for the week beginning Monday August 23 (based on HGCA calculations using 4 days exchange rates) is expected to remain unchanged.

RUBBER

The London physical market opened easier, attracted little interest throughout the day and closed dull. Lewis and Peat recorded an August fob price for No. 1 RSS in Kuala Lumpur of 200.00 (201.50) cents a kg and SMR 20 172.00 (172.50).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Sept	50.20-50.70	50.80-50.70	—
Oct	51.00-51.50	51.40-51.60	—
Oct-Dec	52.00-52.10	52.20-52.30	52.20-52.00
Jan-Mar	54.60-54.70	54.70-54.80	54.60
Apl-Jne	57.10-57.20	57.50-57.40	57.50-57.26
Jly-Sept	59.80-59.10	60.00-60.10	60.00-59.70
Oct-Dec	62.20-62.50	62.60-62.76	62.40-62.25
J'n-Mch	64.60-64.70	65.00-65.10	65.00-64.60
Apl-Jne	66.50-16.00	67.50-67.70	—

Sales: 155 (162) lots of 15 tonnes nil 18) lots of 5 tonnes.
Physical closing prices (buyers) were: Spot 49.50p (49.75p). Sept 50.75p (51.00p). Oct 51.00p (51.25p).

SOYABEAN MEAL

The market opened slightly easier in quiet conditions, reports T G Roddick. Prices eased on trade selling and established new contract lows.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
August			
October	120.30-21.5	—1.55	121.70-21.56
Dec	123.30-25.5	—1.65	125.00-25.50
Feb.	126.50-26.7	—1.85	128.00-27.00
April	127.20-27.7	—1.80	126.50-2.5
June	128.80-29.2	—1.25	129.00-70
August	152.50	—0.50	—

Sales: 131 (68) lots of 100 tonnes.

SOYABEAN OIL—The market opened slightly higher in featureless trade but drifted on mixed selling. Closing prices and business done (U.S. $ per tonne): Aug unquoted, untraded: Oct 424.5-26.5, untraded: Dec 429.5-31.0, 432.0; Feb 436.5-44.0, 443.5; June 446.0-59.0, untraded. Sales: 45 (110) lots of 25 tonnes.

SUGAR

Tate and Lyle delivery price for granulated beets white sugar was £405.90 (same) a tonne for home trade and £207.00 (£210.50) for export.

No. 4 Con-tract	Yesterday close	Previous close	Business done
	£ per tonne		
Oct	105.15-09.20	112.40-12.50	112.50-08.00
Jan	113.50-16.00	117.00-21.00	—
March	126.15-25.20	126.15-26.20	126.25-25.00
May	125.80-25.95	130.70-28.50	127.00-25.60
Aug	129.25-29.70	131.50-32.50	129.50
Oct	132.00-32.50	134.50-36.00	134.50-32.76
Jan	135.00-36.50	157.00-38.00	—

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for August 13: Daily price 6.97 (6.92): 15-day average 7.10 (7.16).

LONDON DAILY PRICE—Raw sugar £102.00 (£105.00) a tonne cif Aug-Sept-Oct shipment. White sugar daily price £116.00 (£117.00).

Scattered sell-at-best orders at the opening produced losses of about £2.00. Although most of these losses were recovered the market failed to hold, reports C Czarnikow.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Oct 524.0, 525.0, 528.0-524.0; Dec 527.0, 528.0, 531.5-526.0; March 538.0, 538.0, untraded; May 541.0, 542.0, 543.0-542.0; July 549.0, 550.0, 550.0-549.0; Oct 540.0, 544.0, 542.0; Dec 542.0, 545.0, untraded. Sales: 64.

BRADFORD — With Bradford Mills back at work after the holidays demand was stronger, traders said. Topmakers also found a little more business last week, though the prices they made were considered extremely poor. Yesterday there was some firming in Uruguayan wool values.

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Aug 350, 355, 357; Oct 363, 368, 369; Dec 382, 383, 386-382; Jan 384, 385, 388-385; *March* 396, 397, 401-397; May 402, 404, 403-414; Aug 411, 413, 418-413; Oct 413, 417, 417; Dec 418, 420, nil; Jan 418, 423, nil. Sales, 94.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 50 tonnes. Only modest operations occurred, and the call for supplies failed to broaden. Yet interest was still displayed in certain qualities grown in Africa and the Middle East.

JUTE

JUTE—C and f Dundee BWC £2.60, BWD £229, BT9 £297, BIC £256, BTD £232; c and f Antwerp BWC £262, BWD £233, BT9 £300, BTC £270, BTD £236; c and f Dundee Aug 40 in 10 oz £11.04, 40 in 7½ oz £8.47; B Twills £32.39.

TEA AUCTIONS

LONDON TEA AUCTION—19,309 packages were on offer at yesterday's auction, including 600 packages of offshore teas. Demand was strong and general. Bright East Africans were often substantially dearer while colory mediums gained 2p-4p. Others ruled firm to dearer. Plain Central Africans were a weak feature and together with powdery dusts were often neglected. Ceylons advanced 2p-4p with a strong enquiry. The small quantity of offshore teas on offer sold well at dearer levels. Quotations: quality 131p a kg (130p), medium 114p a kg (112p), plain no quotation (no quotation).

PRICE CHANGES

In tonnes unless otherwise stated.

	Aug. 16 1982	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£815/815
Free Mkt.	$925/955	......	$950/965
Copper			
Cash h grade	£829.5	+4.5	£839.5
3 mths	£835.5	+8	£859.75
Cash Cathode	£799	+5	£815
3 mths	£815.5	+4.5	£855.5
Gold troy oz	$342.5	+4	$347.5
Lead Cash	£295.5	+0.25	£327
3 mths	£306.75	+1.5	£359.25
Nickel	£4023		£4080
Free mkt	£17/240c	—8.5	225/258c
Platin'm tr oz'y	£260		£260
Freemkt.	£152.05	+0.9	£168.25
Quicksilvert	$365/572	+8.5	$360/670
Silver troy oz	569.95p	—5.15	576.00p
3 mths	579.75p	—2.95	586.60p
Tin Cash	£6791.5	—8.5	£6405
3 mths	£6744.5	—10.5	£6595
Tungsten22.0lb	$114.23		$109.48
Wolfrm 22.4lbs	$100/104	—2	$115-116
Zinc Cash	£414	+7	£419.5
3 mths	£421.75	+8	£425.5
Producers	$800	......	$800
Oils			
Coconut (Phil)	$397.5y	......	$475
Groundnut	:	......	$565
Linseed Crude	:	......	$556
Palm Malayan	$390y	......	$410
Seeds			
Copra Ph lip	$265	......	$320
Soyabean (U.S.)	$251.25y	+1.25	$257
Grains			
Barley Fut. Nov	£108.65	—0.15	£108.05
Maize	£166.00	......	£157.00
Wheat Fut.Nov	£115.65	—0.05	£113.55
No.2 Hard Wint	:	......	
Other commodities			
Cocoa ship't*	£980		£903
Future Dec	£919.5	—11	£866.5
Coffee Ft' Nov	£1116.5	—11.5	£1,111
Cotton A.Index	76.35c	—0.55	78.70c
Gas Oil Sept	$282.25	—1	$275.75
Rubber (kilo)	49.5p	—0.25	49.25p
Sugar (Raw)	£102xt	—5	£119
Woolt'ps 64s kl.	390p kilo	......	566pkilo

‡ Unquoted. x Aug-Sept. v July-Aug. y Sept. t Oct. † Per 16 lb flask. * Ghana cocoa. n Nominal.

INDICES

FINANCIAL TIMES

Aug. 16	Aug. 12	M'th ago	Y'ar ago
225.73	225.49	255.24	269.42

(Base: July 1 1952 = 100)

REUTERS

Aug. 16	Aug. 13	M'th ago	Y'ar ago
1529.9	1550.9	1567.6	1742.1

(Base: September 18 1931 = 100)

MOODY'S

Aug. 15	Aug. 12	M'th ago	Y'ar ago
992.4	992.5	1005.0	1069.3

(December 31 1931 = 100)

DOW JONES

Dow Jones	Aug. 13	Aug 12	Month ago	Year ago
Spot		120.00	126.59	—
Futr's	121.80	122.16	127.59	—

(Base: December 31 1974 = 100)

AMERICAN MARKETS

NEW YORK, August 16.

THE PORK COMPLEX was mostly lower after reaching seasonal and cyclical highs, while the cattle market stayed firm on light marketings. Precious metals were moderately higher on lower interest rates. Sugar prices dished lower with reports of better yields in the EEC. Coffee continued to attract light speculative buying based on technical indication. After an early strength copper finished only slightly higher on long liquidation. Heating oil declined on renewed talks of a price cut, reported Heinold.

Copper—Aug 59.40 (59.10). Sept 59.60-60.00 (59.50). Oct 60.35. Dec 61.65-61.80. Jan 62.30. March 63.80. May 64.70. July 66.10. Sept 67.10. Dec 68.90. Jan 69.50. March 70.70. May 71.90. Sales: 8,500.

*Gold—Aug 339.0 (334.8). Sept 339.9 (335.9). Oct 342.0-343.0. Dec 348.0-348.6. Feb 354.5. April 362.0. June 368.7. Aug 375.7. Oct 382.9. Dec 390.3. Feb 397.6. April 405.4. June 413.1.

Potatoes (round whites)—Nov 66.0 (65.5). Feb 65.0-65.5 (68.5). March 75.0-76.7. April 87.0-87.1.

§Silver—Aug 644.0 (624.5). Sept 643.0-649.0 (626.0). Oct 651.0. Dec 662.0-667.0. Jan 669.1. March 682.5. May 695.9. July 709.3. Sept 722.7. Dec 740.0. Jan 749.5. March 766.0. May 776.3. Handy and Harman bullion spot: 653.00 (641.00).

Sugar—No. 11: Sept 6.95-6.95 (7.19). Oct 7.14-7.15 (7.37). Jan 7.71. March 9.29-9.30. May 9.57-9.59. July 9.77. Sept 9.05-9.20. Oct 9.10-9.30. Sales: 7.075.

Tin—535.00-5639.00 (536.00-543.00).

CHICAGO, August 16.

Lard—Chicago loose 22.75.

Live Cattle—Aug 67.62-67.65 (67.17). Oct 65.55-65.50 (65.12). Dec 64.50-64.65. Feb 62.60-62.90. April 62.30-62.23. June 62.80. Aug 61.50.

Live Hogs—Aug 65.0-65.20 (66.10). Oct 60.90-60.95 (61.87). Dec 59.50-53.70. Feb 55.10-55.15. April 50.60. June 49.80. July 49.00. Aug 47.20.

‡‡Maize—Sept 222-222¼ (227¼). Dec 228¼-228 (235¼). March 241-241¼. May 255-255¼. July 252-262¼. Sept 263½.

Pork Bellies—Aug 93.35 (91.55). Feb 78.70-78.50 (79.85). March 75.20-76.00. May 75.25-73.17. July 69.62-69.65. Aug 68.10.

†Soyabeans—Aug 554½-555 (564½). Sept 547-546 (557). Nov 554½-553½. Jan 568-565½. March 583-533½. May 596. July 607. Aug 609.

¶Soyabean Meal—Aug 162.0-161.8 (164.1). Sept 159.5-159.3 (162.4). Oct 159.7-160.0. Dec 164.7-164.3. Jan 167.0. March 171.0. May 175.5. July 179.5-180.0. Aug 172.0-179.0.

Soyabean Oil — Aug 16.78-16.79 (16.97). Sept 16.83-16.80 (17.06). Oct 16.97. Dec 17.28-17.30. Jan 17.52. March 17.92-17.90. May 18.20-18.22. July 18.65. Aug 16.70.

†Wheat—Sept 335½-334 (340½). Dec 356-356½ (363½). March 375. May 382½. July 380-381.

WINNIPEG, August 16.

§Barley—Oct 105.1 (105.5). Dec 106.3 (107.5). March 109.0. May 110.6. July 111.9.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

EUROPEAN MARKETS

ROTTERDAM, August 16.

Wheat—(U.S. $ per tonne): U.S. No. 2 Red Winter Sept 141.50. U.S. No. 3 Amber Durum: Sept 164. Oct 168. Nov 172. Dec 176. U.S. No. 2 Northern Spring, 14 per cent. Aug 172. Sep: 168. Oct 171. Nov 175. Dec 179. Canadian Western Red Spring: Sept 195.

Maize—(U.S. $ per tonne): U.S. No. 3 Yellow, Spot 120. Aug 112. Sept 108. Oct 107. Nov 107. Dec 110. Oct/Dec 108. Jan/March 118 sellers.

Soyabeans—(U.S. $ per tonne): U.S. No. 2 Yellow, Gulfports: Aug 228.50. Sept 225.26. Oct 222. Nov 222.76. Dec 228. Jan 234. Feb 238. March 241. April 244 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent. Afloat 196. Aug 197. Sept 197. Oct 198. Nov 201. Dec 204. Nov/March 208. Jan/March 215 sellers. Pellets Brazil. Afloat 200. Aug 205. Sept 205. Oct 218.50. Nov 225. Dec 225. Nov/March 225.50 sellers.

PARIS, August 16.

Cocoa—(FFr per 100 kilos): Sept 1026-1040. Dec 1078-1090. March 1110-1145. May 1167-1175. July 1200-1205. Sept 1220-1240. Dec 1252-1260. Sales at call: Nil.

Sugar—(FFr per tonne): Oct 1367-1370. Nov 1380-1390. Dec 1415-1420. March 1550-1553. May 1585-1595. July 1610-1620. Aug 1640-1650. Oct 1655-1695. Sales at call: 7.

MEAT/FISH

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 78.3 to 83.3: Eire hindquarters 92.0 to 95.5, forequarters 57.8 to 60.0. Veal: Dutch hinds and ends 119.5 to 125.0. Lamb: English small 58.0 to 63.0, medium 56.0 to 60.0, heavy 52.0 to 56.0. Scotch medium 51.0 to 55.0, heavy 50.0 to 53.0. Imported: New Zealand PL 56.3 to 60.0, PM 58.0 to 59.5, PX 56.7 to 57.7. Pork: English, under 100 lbs 35.4 to 52.0, 100-120 lbs 40.0 to 51.0, 120-160 lbs 36.7 to 49.2.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 96.13p per kg lw (+0.94). GB—Sheep 124.39p per kg est dcw (+5.17). GB—Pigs 70.16p per kg lw (+4.36).

GRIMSBY FISH—Supply fair, demand good. Prices at ship's side (unprocessed) per stone. Shelf cod £6-£7.00, codlings £3.60-£6.50, large haddock £6.80-£5.20, medium £3.60-£4.60, small £1.40-£2.60; large plaice £5.00-£6.00, medium £5.00-£6.80, best small £3.60-£4.80; skinned dogfish, medium, £9.00-£10.00; lemon soles, large, £7.50; medium, £6.50; rockfish £2.00-£3.00; saithe £2.00-£2.80.

LONDON POTATO FUTURES—Following weekend rain and lower Amsterdam prices, all positions traded down, reports Coley and Harper. Closing prices: Nov 55.10, —1.00 (high 55.50 low 55.00); Feb 64.00, —1.50 (high 64.60, low 64.00); April 74.40, —1.10 (high 75.00, low 74.10); May 84.10, —1.40 (high 85.00, low 84.00); Nov 65.00, unchanged (untraded). Turnover: 317 (422) lots of 40 tonnes.

English Produce: Potatoes—Per pound, new 0.03-0.03½. Mushrooms—Per pound, open 0.60-0.70, closed 0.80-1.00. Lettuce—Per 12 round 1.20-1.40, Webb's 1.20-2.00. Cos 1.50-2.40. Onions—Per 55-lb 40/80mm 2.00-2.50. Spring Onions—Per bunch 0.05-0.06. Pickling Onions—Per 55-lb 2.00-3.00. Primo Cabbage—Per 25-lb 1.20-1.50. Cabbages—Per 26/30-lb White Red 2.00-2.50. Carrots—Per 26-28-lb 0.80-1.40, per bunch 0.05-0.10. Courgettes—Per 12-lb 0.60-1.20. Cucumbers—Per package 1.00-1.80. Tomatoes—Per 12-lb box D/E 1.20-1.60. Cauliflowers—Per 12 Lincoln 1.50-3.00. Celery—Per 18/36 winter crop 3.00-3.50. Stick Beans—Per pound 0.06-0.12. Pumpkins—Per pound 0.10. Marrows—Per box 0.50-1.00. Sugar Peas—Per pound 1.00-1.20. Turnips—Per 28-lb 1.40-1.50. Swedes—Per 28-lb 1.20-1.40. Parsnips—Per 28-lb 2.00-2.50. Apples—Per pound, Bramley 0.14-0.18. Grenadiers 0.08-0.10. Discovery 0.18-0.22. Howgate 0.10-0.12. Derby 0.10-0.12. George Cave 0.14-0.16. Strawberries—Per 8-oz 0.30-0.50. Blackberries—Per 8-oz 0.20-0.30. Blueberries—Per 8-oz 0.60. Raspberries—Per 4-oz 0.80-1.00. Plums—Per pound Victoria 0.25-0.30. Czars 0.10-0.12. Sellis 0.15-0.20. Gages—Per pound 0.10-0.18. Fennel—Per 5-lb 1.50. Corn on Cob—Each 0.05-0.10. Leeks—Per 11-lb 1.50-2.20.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Outspan: Navels/Letes 40 5.70, 48 6.30, 56 7.20, 72 7.20, 88 6.54, 112 6.05, 138 5.65, 140 5.95 (Brazilian: 88-100 6.00. Mandarines—Brazilian: 3.50-6.00. Minneolas—S. African: 42/46 3.00-6.00. Lemons—Spania: trays 5 kg 2.50, 1.40-2.00. Outspan: 134 kg 80/195 6.00-6.50. Grapefruit—S African: 27 4.80, 32 5.05, 36 6.10, 40 5.00, 48 5.40, 56 5.50, 64 5.05, 72 4.32—Cuba, same as White. Apples—Tasmanian: Granny Smith 9.00-11.00. Sturmer Pippins 8.00-9.00. Australian: Granny Smith 9.50-11.00. Democrats 5.00-7.00. New Zealand: Sturmers 8.00-8.50. Red Dougherty 5.00-7.00. S. African: Granny Smith 6.0-11.00. York Imperials 3.00-4.50. U.S.: 18 kg Red Delicious 10.00-14.00; Spanish: Golden Delicious 5.00-6.00. French: 8.00-8.50 18 kg. Pears—French: 28 lb loose Williams 3.30; Italian: trays packs, Dr Guyot per pound 0.12-0.15; Spanish: per pound Williams 0.15-0.18. Peaches—Italian, large trays 1.00-1.50, A/AAA 2.00-3.00. Plums—Spanish: Santa Rosa 11 lb 2.20-3.60. Italian: Bellas 20 lb 2.30-3.00. Stanley 20 lb 2.00-4.00. Greens—French: Per 2.20-2.50. Spanish: 5 kg 1.50-2.00. Grapes—Cyprus: 11 lb Cardinal 2.80. Sultana 2.80-3.00. Thompson 4.20-4.40. A chasse Lavallee 3.80; Italian: Rosina 3.50; Spanish: 5 kg Alphonse Lavallee 2.50. Cherries—U.S. per pound 1.00-1.10.

The Euromarket's personality cult

"THERE are two ways to make headlines in this business. You either launch the biggest Eurobond deal since sliced bread or you launch yourself out of your bank and somewhere else."

These words, from a veteran Eurobond trader in London, sum up neatly the two main routes to stardom for the scores of bankers in this competitive market.

Of late, the self-launching method has been competing with the bond-launching technique for prominence in these pages. The surprise departures of seven Eurobond executives from Hambros Bank and four from Credit Suisse First Boston have attracted as much attention in this personality-dominated market as have the "big" recent deals such as AT and T's debut or the World Bank's recent $400m dollar-Swiss franc swap transaction. Only last week two Manufacturers Hanover Trust traders announced their plan to develop a Eurobonds presence at E. F. Hutton's London office.

Why is the Eurobond market such a volatile work place? Why do Eurobankers tend to move from house to house with such regularity? The answers to these questions appear to be bound up in the supercharged atmosphere of the market, an environment which few outside it find easy to comprehend.

Mr Stanislas Yassukovich, the managing director of European Banking Company, is one of the founding fathers of the Euromarket. He made his big leap from White Weld Securities to EBC in 1973 and is now widely regarded as an elder statesman.

In Mr Yassukovich's view, "it has always been a high pressure market". "Transacting business is a permanent juggling act between different time zones, different cultures and different market practices. It attracts people who thrive in a high pressure atmosphere."

These people, reckons Mr Yassukovich, are by definition "more volatile and nomadic by inclination."

The Eurobond market has always been one of "high pressure," according to Mr Stanislas Yassukovich (pictured left), managing director of European Banking Company, "attracting volatile and nomadic people." Alan Friedman explains why the Euromarket, for all its sophistication, is still so heavily dominated by the personalities of its leading players

Mr Hans-Joerg Rudloff, deputy chairman of CSFB who has masterminded some of the market's most dazzling deals, agrees with the Yassukovich assessment. "This market," says Mr Rudloff, "boils down to a handful of people who are motivated, imaginative and willing to work 14 to 16-hour days."

Perhaps more than anyone else in the Euromarket, Mr Rudloff likes to live on the edge, swooping in with a daring transaction and taking chances which do not always pay off. "If you don't watch out minute by minute you lose your shirt," he declares.

Mr Rudloff, who works in the turbulent world of CSFB, feels the problem is one of a management misunderstanding in many Euromarket houses of what is involved in being a bond dealer or a new issue manager. "These people are not understood by their general managers who may regard the business as a side-effort. The general manager doesn't understand what it means to sit on a commitment of $200m to $300m."

Although the general manager may not quite understand the business, he is aware that he pays dearly for the expertise of his staff. Top Eurobond syndicate managers can earn close to $500,000 and many chief dealers have incomes of $100,000. A new partner at Lehman Brothers Kuhn Loeb stands a good chance of earning more than $1m a year.

Yet it was not the salary which lured Mr Jacques Gelardin and a team of CSFB executives to Lehman Brothers. It was what some of Mr Gelardin's former colleagues call the "bigger fish in a smaller pond" factor. At CSFB Mr Gelardin was responsible for originating new business; at Lehman he is head of the capital markets division.

Another example of this theory of why Eurobankers jump about might be found in the case of Mr Hamish Leslie Melville, a Hambros relation who resigned along with six senior Hambros executives last month to start a new bank for Skandinaviska Enskilda Banken. At Hambros Mr Melville was in charge of international banking and new issues; at SEB's new London operation he will be chief executive.

The Hambros and CSFB mass exoduses are only the more publicised examples of the Euromarket merry-go-round. There are signs that the Eurobond business is becoming increasingly institutionalised and perhaps the cult of personality ingredient will not be as prevalent a characteristic in future. But as long as the business continues to grow and gyrate in its own inimitable manner—this year churning out more than $30bn of new issues in the first half—it will continue to attract the headline grabbers.

"I'm a Eurobond dealer," remarked one seasoned veteran, "but I almost prefer the foreign exchange and bullion markets. At least they don't have all these celebrities to contend with."

Daon halts interest and dividend payments

BY ROBERT GIBBENS IN MONTREAL

DAON DEVELOPMENT, the Vancouver-based real estate development group headed by Mr Jack Poole, which was introduced to the London stock markets in 1981, has suspended interest payments on its debentures and preferred and common share dividends. Negotiations continue with its banks to restructure its short-term debt.

The suspension includes the C$745,000 due last Sunday on its series "G" debentures.

Mr Poole indicated earlier this year that Daon has become over-extended in its development business, mainly in Western Canada and the U.S., and began to retrench last August when interest rates went well over 20 per cent.

The staff has been cut by 50 per cent and its residential apartment inventory also cut by 50 per cent. Some assets such as shopping centres have been sold.

Daon's problems stemmed from high carrying costs of land and finished condominium apartments and a short-term debt which reached about C$1bn (U.S.$800m) at the start of the fiscal year to October 31, 1982.

Analysts believe the short-term debt has been reduced by half, but the residential market in Canada and the U.S. has not shown any real signs of recovery.

Daon planned to sell its jointly-owned head office building in Vancouver for C$41m, but the deal fell through because of opposition from its partners. Another recent acquisition, a major office tower in Montreal bought for around C$50m, was to have been sold but has been taken off the market.

After a C$44m write-down of residential inventory, Daon earnings for fiscal 1981 were C$17.2m, or 38 cents a share. Profit for the first half of fiscal 1982 was C$3.2m, or 18 cents a share, against C$6.7m, or 13 cents a share, for the comparable 1981 period.

In the latest second quarter Daon returned to profitability after a first quarter loss, due to a reduction in stocks and tax recoveries.

The company had already had to pay its common share dividend in cash rather than cash. By suspending debenture payments and preferred common dividends, it hopes to conserve cash further.

Daon also hopes to modify the terms of its debentures in its talks with the banks. It has about C$165m debentures and preferred stocks outstanding, besides its short-term debt load.

Trading in Cities Service suspended

By Richard Lambert in New York

TRADING IN Cities Service's shares was suspended yesterday ahead of a crucial board meeting at which the company was due to decide on its response to Friday's takeover bid from Occidental Petroleum. Cities' board was due to meet just an hour and a half before last night's 6 pm (EST) deadline set by Occidental.

The day's suspension gave Wall Street traders a badly needed breathing space in which to assess the terms of the latest offer for Cities, the third since Mesa Petroleum started the ball rolling in June. Its offer was withdrawn when Gulf Oil stepped into the bidding, and Gulf in turn pulled out of the battle earlier this month.

Occidental is planning to offer $50 a share cash for half the outstanding Cities' shares—worth a total of $2bn. It plans to offer a package of zero coupon notes and preferred stock for the rest.

Occidental says that the overall value of its bid is $50 a share, but some analysts suggest that Occidental's paper will be worth considerably less than that, making the overall deal worth perhaps no more than $45 a share.

In addition, traders have to assess the anti-trust implications of the deal: Gulf Oil's decision to withdraw its $63 a share offer followed anti-trust objections from the Federal Trade Commission.

Cities said on Friday that it was still looking for other possible partners. Any bidder prepared to come up with $50 a share in cash would seem likely to have the edge over Occidental.

For its part, Occidental is attempting to ensure itself of a profit in the event of a bidding war for Cities by seeking an option to buy 13.75m Cities shares at $50 a share. That would produce a useful dealing profit if yet another bidder arrived on the scene.

Fall at Parker Hannifin

A 46 per cent fall in fourth quarter earnings is reported by Parker Hannifin, the U.S. based supplier of components for fluid systems, in industrial, automotive and aerospace markets, writes our Financial Staff. Profits were $14.6m or 58 cents a share, against $27.4m or $1.10 a share previously, on sales down to $288m from $312m last year.

Net earnings for the full year were $57.7m or $2.31 a share, against $62.3m or $2.67 a share previously. Yearly sales were $1.15bn compared with $1.11bn.

DM 1.1bn bonds calendar set

By Duncan Campbell-Smith

WEST GERMANY'S capital markets sub-committee yesterday announced a DM 1.1bn calendar of public bond issues in the D-mark sector for the next 30 days. Ten scheduled issues will include a DM 1000m bond for Ireland and a DM 150m bond for New Zealand.

The terms of the first 10 issues were announced late last night on behalf of Norsk Hydro, which will be raising DM 100m through lead-manager Deutsche Bank. The issue, carrying a 9 per cent coupon and a 10-year maturity, is the second tranche of a two-part DM 200m bond launched in June.

The issue price is fixed at 99½.

The calendar also includes a U.S. corporate borrower, with McDonald's Corporation, the fast foods group which is planning a DM 100m issue through lead-manager Bayerische Vereinsbank.

The big fiscal question mark hanging over the future of such U.S. corporate borrowers in the Euromarket had little discernible effect on secondary trading yesterday, in either the D-mark or U.S. dollar sectors.

D-Mark bonds ended slightly up on the day after subdued trading. Mexican issues moved lower still even after last week's sell-off and are now yielding between 15 and 16½ per cent.

In the dollar sector, a strong market moved ahead in fairly active trading on the back of the firmer tone in New York after Friday's cut in the discount rate. Dollar bonds were marked up about ¾ points at the outset of the day. Most held on to this advance and even strengthened further when New York's government stocks market opened higher in the afternoon.

Eurosterling bonds also enjoyed a good day, reflecting one of the best sessions for many months in London's gilts market. Gilts were up 2-2½ points and the bonds gained about 1 point on average.

AEG subsidiary applies to courts for protection

BY KEVIN DONE IN FRANKFURT

THE FINANCIAL problems of the AEG-Telefunken parent company spread yesterday to the first of its domestic subsidiaries and is expected to engulf further group companies in the next few days.

Küppersbusch, a 96.8 per cent-owned household appliances manufacturer, has been forced to apply to the courts for protection from creditors, a move already taken by the AEG parent company a week ago on grounds of insolvency.

The Küppersbusch board said yesterday that the move became unavoidable following the decision last Thursday by AEG to deny it the necessary liquidity to carry on its business.

The flow of funds to Küppersbusch from AEG — which has acted as a house bank for most of its domestic subsidiaries — began to falter during the early part of last week, said Küppersbusch yesterday, but was finally cut off on Thursday.

Funds to pay wages in the next few days were lacking last week, but the AEG parent company has now agreed to finance these payments.

Küppersbusch, which has two plants in Gelsenkirchen in the Ruhr region—an area with one of the highest unemployment rates in the Federal Republic—had sales last year of DM 340m ($136m) and a workforce at the end of last year of 2,235. It manufactures industrial kitchens as well as household appliances such as cookers, fridges, dish-washers and washing machines.

The financial collapse, brought on by the AEG parent company, is part of AEG's attempts to drastically restructure its heavily loss-making household appliances sector.

Similar tactics of cutting off the flow of liquidity could force other subsidiaries into the hands of the courts in the next few days. Both Zanker GmbH in Tübingen (100 per cent owned and around 1,000 employees, a manufacturer of driers and washing machines) and Neff-Werke in Bretten (99.5 per cent owned, around 2,000 employees, a maker of cookers and built-in kitchens) are known to be studying a move to the courts.

AEG has still not revealed any detailed plans for the urgently needed restructuring of its household appliances division, and a series of uncoordinated announcements by domestic subsidiaries of their own financial collapse could further undermine confidence in the group's ability to reorganise and avoid the final plunge into the bankruptcy courts.

AEG is seeking to dispose of at least a majority interest in its household appliances business — the market leader in West Germany—and it is understood that Elektrolux of Sweden and Philips of Holland could emerge as possible future partners.

Dr Hans Werthen, chairman of Elektrolux, said last night: "We have shown an interest and we are trying to observe what happens. We follow developments very closely. We have to get some facts first."

The two companies have had close links for several years and Elektrolux already buys in washing machines from AEG for marketing under its Husqvarna brand. To date it has no household appliances interests in West Germany, although it does have nine West German plants making products such as vacuum cleaners, sewing machines and fridges for commercial use.

Bad debts hit NMB earnings

BY WALTER ELLIS IN AMSTERDAM

HOLLAND'S third largest commercial bank, Nederlandsche Middenstandsbank, recorded a net profit for the first six months of this year of Fl 50.2m ($18.2m), compared with Fl 82.3m during the same period in 1981.

A 74 per cent rise in the provision for debt—from Fl 100.5m to Fl 175m—is the main reason for the deterioration.

Only last year, Amro, the second-largest commercial bank, saw its first-half profits fall by nearly 44 per cent. On the other hand, the largest bank, ABN, recorded a drop of only 4.6 per cent.

Company bankruptcies have been sharply on the increase in the Netherlands this year and now stand at a new record level. NMB has a long association with small businesses and, accordingly, must have been expected to face pressure on its earnings this year.

The bank said it is aiming for a gross profit for the whole year at least equal to the Fl 549.2m achieved for 1981, but "much depends on the development of interest rate margins."

Extensive risk provisions are also expected in the second half of the year since no improvement in the Dutch economic situation is foreseen, the bank said.

NMB's balance total rose 5.3 per cent to Fl 58.5bn. Accounts receivable were up 4.8 per cent to Fl 33.7bn, while entrusted funds rose 5.3 per cent to Fl 55.2bn.

Gross earnings in 1981 totalled Fl 549m.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday September 14.

Closing prices on August 16

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 19 86/87	160	103¼	103⅞	+0¼	+0⅞	13.60
Amax Int. Fin. 16⅝ 92	75	100¼	101	+0¼	+0⅜	16.03
Amex O/S Fin. 14⅜ 89	75	97⅞	98⅜	+0⅛	+0⅞	14.72
ATT 14⅜ 89	400	103¼	103⅞	+0⅛	+0¼	13.34
Baker Int. Fin. 0.0 92	225	27⅛	27¾	+0⅛	+1⅛	14.57
[illegible]						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 16 89 C$	100	198½	99	0	+0¼	15.29
[illegible]						

DEUTSCHE MARK STRAIGHTS [illegible]

SWISS FRANC STRAIGHTS [illegible]

YEN STRAIGHTS [illegible]

FLOATING RATE NOTES [illegible]

CONVERTIBLE BONDS [illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

MUI on target after 30% first-half profits advance

BY WONG SULONG IN KUALA LUMPUR

MALAYAN UNITED INDUSTRIES, the diversified investment group and high-flier of the 1981 Malaysian share boom, has reported a 30 per cent increase in pre-tax profit to just over 30m ringgit (US$13m) for the half-year ended June.

Turnover fell by 25 per cent to 117m ringgit from 156.7m ringgit. Net profit was 19.4m ringgit after minorities compared with 14.7m ringgit previously.

The group said the increase in earnings came from its associate, Pan-American Cement works, its finance and banking business, its hotels and from increased rental income from its properties.

The only dull spot was the group's 77 per cent owned, publicly-listed Central Sugars, where pre-tax earnings for the first half fell by 55 per cent to 5m ringgit. This was largely due to the Government's decision to lower the retail price of sugar, and an increase in operating costs.

Despite the deepening recession in Malaysia, MUI is confident that the group's projected pre-tax profits of 82m ringgit for the full year will be achieved, if not exceeded. It earned 58.7m ringgit in fiscal 1981, up 165 per cent from 1980.

MUI made the profit forecast in May when it announced that it was taking majority control of the Development and Commercial Bank and the Kwong Lee Bank through a share exchange deal, worth US$180m. About 20m ringgit of MUI's profit this year is expected to come from these two banks.

MUI is paying an interim dividend of 2.5 cents a share based on its enlarged capital of 296m shares of 1 ringgit each. Central Sugars is paying a 10 cents interim dividend.

Earnings just ahead at Unisec

BY OUR JOHANNESBURG CORRESPONDENT

UNISEC, the South African investment holding company, increased its pre-tax profits by 37.5 per cent to R18.3m ($15.8m) in the six months ended June from R13.3m a year earlier. A marked increase in the effective tax rate, however, meant that net profits advanced from R7m to only R7.1m. Turnover was R225.5m against R155.6m.

Early last month Standard Bank Investment Corporation (Stanbic), the holding company for the country's largest bank, acquired effective control of Unisec by buying 67.5 per cent of Tolux the Luxembourg registered holding company for R70.3m. Stanbic has yet to decide on a policy for Unisec, which had appeared gradually to be becoming more of an industrial holding company and less of an investment group.

Since the start of the year, Unisec has sold listed investments with a book value of R19.7m for almost R41.9m. The company's portfolio of quoted shares at June 30 had a total market value of R16.5m and a book value of R7.6m.

Interim earnings per share increased marginally to 16.8 cents from 16.6 cents and an unchanged interim dividend of 8 cents a share has been declared.

The directors say it is difficult to forecast profits in the deteriorating economic climate but earnings for the full year "are not expected to be materially different to those in 1981." Last year Unisec earned 44.4 cents a share and paid a total dividend of 30 cents.

● *Protea Holdings*, the South African industrial conglomerate, increased turnover from R340.6m to R401.8m in the year ended June 30. Pre-interest profit rose from R42.2m to R46.9m but net interest paid almost doubled from R5.4m to R10.7m and pre-tax profit was slightly down at R36.3m against R36.8m.

Higher taxes left earnings per share down from 71.2 cents to 66.4 cents but the dividend total is increased from 29 cents to 31 cents.

The company said that the downturn in business conditions from the beginning of 1982 is expected to continue during the current financial year.

Hong Kong hotel group sees downturn

By Robert Cottrell in Hong Kong

HONG KONG and Shanghai Hotels has announced interim net profits almost 17 per cent higher at HK$74.8m (US$12m). An interim dividend of 30 cents per share is proposed, an increase of 5 per cent over the prior year distribution, adjusting for the May scrip issue.

The company warns, however, that full-year net profits are likely to be lower than last year's HK$[illegible] [illegible] expects to pay a final dividend of 70 cents a share.

HSH attributes the probable shortfall to absorption of cash resources in its development programme, resulting in loss of interest earnings. It also warns of increased competition in the Hong Kong hotel market, and slower performances by the Manila Peninsula and Marco Polo Singapore hotels. The new Peking Jianguo is said, however, to have a high level of occupancy. The group's Hong Kong properties include the Peninsula Hotel and the former Repulse Bay Hotel site which is being redeveloped.

Spanish sherry group hit by labour stoppages

BY ROBERT GRAHAM IN MADRID

A MONTH long labour dispute has seriously affected the activities of one of Spain's best known sherry and brandy groups, Pedro Domecq.

The dispute has been triggered by worker demands for the reinstatement of five sacked employees but it also reflects at a deeper level Domecq's financial problems and the need to trim its labour force.

The dispute has now begun to involve other sherry producers and business concerns in the Jerez area. There have in recent days been numerous solidarity stoppages and sit-ins. Over the weekend the latest effort to reach a compromise apparently failed.

Workers representatives offered to work 15 days of their holidays free in return for the readmission of the sacked men. This offer was rejected.

At the same time the Labour Ministry has demurred on a request for a series of lay-offs proposed by the Domecq management. The Ministry said such a request could not be considered until Domecq provided further details of group activities.

Last year Domecq's Spanish operations, which essentially consist of the production and marketing of sherries and brandies, recorded a Pts 728m ($6.5m) loss. Nevertheless group profits were Pts 1.1bn on total sales of Pts 45bn. A big slice of this came from earnings in Mexico, an operation which has buoyed up the group for the past three years.

To ease financial costs in Spain, Domecq is seeking to rationalise some investments and to further cut its 1,000 strong workforce to around 500 within the next four years. This is to be done via early retirement and incentives for voluntary departure but each such incentive costs around Pts 2m.

A consortium of shareholders, representing 57 per cent of the group's equity, that includes Spain's largest bank, Banesto and Hiram-Walker Espania, which is 50 per cent owned by the Canadian group, have guaranteed the survival of the operation but are awaiting the outcome of the labour talks before determining new investment.

Danish bank has accounts qualified

By Hillary Barnes in Copenhagen

JYSKE BANK, one of Denmark's larger commercial banks, has had its 1981 accounts qualified. It has been told by the Ministry for Industry and the Bank Supervisory Board to adjust its accounts and reduce net profit for last year from DKr 1.2m to DKr 50m ($5.8m).

The bank's management claims the changes are only technical and do not affect the financial solidity of the bank, whose equity capital would remain an unchanged DKr 710m.

The dispute with the authorities arises over entries covering the depreciation of shares in a holding company acquired when Jyske Bank took over Finansbanken last year to become the country's sixth largest commercial bank.

The bank wrote off the shares against the balance sheet, but the authorities say they should have been written off against the profit and loss account.

The bank's auditors, who could face disciplinary investigations as a result of the case, claim that the 1981 accounts were fully compatible with the rules laid down in the Banking Act and the Companies Act.

Jyske Bank's acquisition last year of Finansbanken coincided with an increase in banking competition within Denmark following the replacement of individual credit ceilings with more generalised credit controls.

The merger brought together two very different banking styles. Jyske Bank is a typical Danish regional bank with a broad spread of business stemming from an infusion in recent years of more than half a dozen local banks. It is based in the mid-Jutland town of Silkeborg.

In contrast Finansbanken is a specialist bank formed in the 1950s. It concentrates on mortgage business and in attracting foreign demand for Danish deposits.

Saga to raise $900m credit

By Fay Gjester in Oslo

SAGA PETROLEUM, the Norwegian oil company, backed by about 300 Norwegian finance, industrial and shipping firms, has engaged a group of six banks to arrange a $900m 12-year loan.

The money will be used to finance Saga's share of North Sea development projects in which it is involved, including the Gullfaks fields and the Statpipe gas transportation system.

The banks concerned are Bergen Bank, Christiania Bank, Citicorp, Den norsk Creditbank (agent), Morgan Guaranty, and Union Bank of Norway.

DSM in red but Akzo has improved second quarter

BY WALTER ELLIS IN AMSTERDAM

DSM, the Dutch state-owned chemicals group, has slipped into the red for the first half of 1982. Against net profits of Fl 91m, the company has incurred a loss of Fl 22m ($7.9m).

At the same time, Akzo, the Dutch chemicals multinational, has succeeded in making a net profit for the first half of this year of Fl 85m, up Fl 9m on the same period in 1981, with much of the improvement coming in the second quarter. Sales were down slightly but the negative impact was more than made up for by a 6 per cent increase in prices.

DSM's operating result for the 1982 first half, a loss of Fl 52m, was Fl 248m down on the equivalent period in 1981. The setback affected nearly all of the group's divisions, of which the fertilizer division had been hardest hit. Price increases for feedstocks and energy could only partially be passed on by way of higher selling prices because of mounting over-capacity.

One bright spot in a gloomy picture for DSM has been the reduction in debt. Interest charges decreased and the total number of outstanding loans fell. An extraordinary gain of Fl 36m was obtained from the release of part of the provision for winding-up expenditure dating back to the time of termination of the group's former coalmining operations.

DSM is pessimistic about prospects for 1982 as a whole. Sales are expected to decline even further and a further small net loss is forecast.

Akzo meanwhile has seen net income for the second quarter of this year, at Fl 59m, more than double from the Fl 26m earned in the first three months. Volume sales fell by some 5 per cent in the first half of this year against the opening six months of 1981, but price rises meant that the value of sales moved up slightly, to Fl 7.3bn.

Operating income at Akzo for the first half stood at Fl 261m —up Fl 6m from the January-June period last year—with much of the rise being attributed to lower interest charges in Latin America.

Shipments of man-made fibres were down substantially, with the American division of Akzo's fibres subsidiary, Enka, especially affected.

Rodamco lifts net surplus

By Our Amsterdam Correspondent

RODAMCO, the Dutch Investment trust, has declared a net profit for the 1981-82 financial year of Fl 24.9m, a rise of 22 per cent on the previous 12 months. Income rose by 14 per cent, to Fl 68.4m.

Rodamco is part of the Rotterdam-based Robeco investment empire, which is the biggest of its kind outside the U.S. The group as a whole has experienced tough trading this year so far, and the latest half-year report shows a fall in net assets from Fl 4.56bn on January 1 to Fl 4.13bn on July 1.

Robeco blames the continuing world recession and high U.S. interest rates for the less favourable investment climate. It observes that stock markets have given investors little satisfaction this year.

Tata Engineering sales expand but orders shrink

BY R. C. MURTHY IN BOMBAY

TATA ENGINEERING and Locomotive Company (Telco), India's largest private sector company ranked by sales, has reported a 30 per cent increase in turnover in the year ended March to Rs 8.02bn ($836m).

Pre-tax profits rose 72 per cent to Rs 418.8m from Rs 243.7m a year earlier. Telco paid no tax last year because of capital cost allowances.

The company's order book has shrunk considerably, however. It has an inventory of 1,000 trucks in sharp contrast to last year when there was a three-year waiting list for delivery and trucks were attracting a 10 per cent to 15 per cent premium over list price.

Telco blames the slump in truck sales on the credit squeeze imposed by the Reserve Bank of India.

Despite the current sales problems, Telco intends to go ahead with its expansion plans. The company's current authorised capacity is 56,000 vehicles a year but it has applied to the Government to raise this to 87,000.

This expansion was originally due to be completed in about four years. But in the light of market uncertainties, this could be extended, the company said.

Telco has designed a light commercial vehicle and is tooling up for production to fill an important slot in the market.

The chassis has been designed for dual use as either a truck or mini bus for local services or light loads over long distances, particularly in hilly areas.

Keen competition is expected from other Indian companies which are opting for collaboration with Japanese companies. DCM, for example, is linking with Toyota Motor, Allwyn with Nissan Motor and Maruti with Suzuki Motor.

Telco has also produced prototypes of totally Indian-designed hydraulic excavators which are being tested and which will be in production by next March.

The other major company in the Tata family empire, Tata Iron and Steel Company (Tisco), also enjoyed brisk growth last year. It recently reported a 35 per cent rise in turnover to Rs 7.05 bn in the year ended March from Rs 5.2bn a year earlier.

Pre-tax profits grew by 49 per cent to Rs 776.5m and net profits advanced by 80 per cent to Rs 264.6m.

Fresh sharp early Dow rally

RESPONDING TO cuts in several key U.S. interest rates, Wall Street continued to rally sharply in active early dealings yesterday.

The Dow Jones Industrial Average, which recovered 11.13 last Friday from a 28-month low point, was ahead 12.94 at 800.99 by 1.30 pm yesterday. The NYSE All Common Index rebounded 87 cents more to $60.41 at 1 pm, while advancing issues totalled more than 1,100. Trading volume expanded to 41.41m shares from the corresponding 1 pm total of 31.78m.

Analysts said the conviction appears to be growing on Wall Street that interest rates will continue to trend lower over the near-term.

Late on Friday, the Federal Reserve announced its third cut in the Discount Rate in six weeks, to 10½ per cent from 11. The Fed's action sparked off cuts in the prime lending rate by several banks to 14½ per cent from 15, and yesterday morning Bankers Trust and Ameritrust reduced their prime rate to 14 per cent.

Also buoying the market was a drop in the Federal Funds rate, on overnight loans between banks, to 9½ per cent from Friday's close of 10½.

Gains were recorded across the board, with Blue Chip, Technology, Transportation and interest rate-sensitive issues, such as Banks and Utilities, among the strongest groups.

Take-over speculation in the wake of Occidental Petroleum's bid for Cities Service caused several Energy stocks to rise, as investors speculated about the next possible acquisition target. Kerr-McGee rose $1 to $25, Louisiana Land ¾ to $21¾, Texas Oil and Gas 1¼ to $22 and Getty ¾ to $44⅞. Trading in Cities Service was still halted yesterday morning.

International Multifoods rallied on take-over speculation last week, but was off 2¾ to $24⅞ yesterday after the company denied the rumours.

THE AMERICAN SE Market Value Index rose 1.66 to 239.20 at 1 pm. Volume 3.07m shares (4.57m).

Closing prices for North America were not available for this edition.

Canada

Optimism over interest rates also buoyed Canadian markets yesterday morning, but stocks were below the best at mid-session. The Toronto Composite Index was ahead 5.3 at 1,407.8 at noon, while Golds rose 16.2 to 1,713.1 and Metals and Minerals 6.0 to 1,304.8, but Oil and Gas lost 8.4 at 2,316.2.

Daon Development, off 26 cents at 99 cents after an early morning halt, suspended all of its dividend payments, including those on debentures, while talks with its bankers continue.

Tokyo

The market's recovery trend from a two-year low which began last Friday and continued in Saturday's half-day session, was modestly extended at the outset yesterday. However, some high-priced Blue Chips led a subsequent downturn, leaving the overall market easier-inclined on the day after very thin dealings.

The yen's failure to advance against the U.S. dollar despite Friday's further lowering of U.S. interest rates upset the Tokyo stock market rally.

The Nikkei-Dow Jones Average, which picked up 47.46 on Friday, regained a further 26.68 on Saturday but yesterday ended 14.94 down at 6,939.43. The Tokyo SE Index, after recovering 4.91 in the past two sessions, slipped 1.01 to 515.96. Volume came to a mere 110m shares, compared with Friday's 180m.

Hitachi shed Y8 to Y572, Sony Y30 to Y3,100, TDK Electronics Y90 to Y3,680, Toyota Motors Y18 to Y811, Fuji Photo Y10 to Y1,330 and Pioneer Electronic Y20 to Y1,380.

A number of speculative issues gained ground.

Mitsui Mining and Smelting put on Y8 to Y298. Sumitomo Metal Mining, however, closed Y10 down on balance at Y920 on late profit-taking, following an early rise attributed to the news that it plans to start development of its newly discovered Hishikarai gold mine in South-western Japan.

Hong Kong

After last Friday's technical rally, stock prices resumed their steep slide over a broad front, taking the market to a 26-month low.

Brokers reported fresh institutional selling and stop-loss selling by margin traders. The Hang Seng index, which retrieved 27.98 on Friday hardened just about two points more initially yesterday in the wake of Friday's Wall Street recovery before falling to 937.28, down 57.06 on the day. This is the lowest closing point for the Index since June 6, 1980. Turnover was moderate, however, totalling HK$207.17m on the four exchanges, against last Friday's HK$313.49m.

Rapidly eroding confidence in the Colony's political future remained the major depressant for the stock market. The lease Britain holds from China on most of the Colony's territory expires in 1997, and there is market anxiety that China will take sovereignty over the Colony when the lease expires.

Among Properties, Cheung Kong lost 70 cents to HK$9.30, HK Land 45 cents to HK$5.45 and Swire Properties 35 cents to HK$5.55.

Matheson retreated 90 cents to HK$13.50, Hutchison Whampoa HK$1.20 to HK$10.70, China Light 90 cents to HK$11.10 and HK Telephone HK$1.30 to HK$25.

Germany

Shares closed mixed after a thin business as fears of a rising West German Government deficit and the problems of AEG-Telefunken offset the encouraging news of a cut in U.S. Discount Rate.

Among Electricals, AEG retreated DM 1.70 to DM 27.50, while Brown Boveri dipped DM 7.80 to DM 176.20 and SEL DM 1 to DM 223.

Deutsche Babcock stood out in Engineerings with a fall of DM 8.50 to DM 160.

Prices for mark-denominated Bonds reacted favourably to the renewed interest rate downtrend in the U.S., with Domestic issues gaining nearly ½ of a point in some cases. The Bundesbank sold DM 95.2m of Public Sector Bonds to balance the lively market, compared to sales totalling only DM 2.5m on Friday.

Australia

Domestic considerations dominated the market in another quiet trading day, which saw Industrial stocks tending to ease but Oils, Minings and Resources-related issues ending firmer for choice.

Brokers said tonight's Federal Budget and talk of a snap Federal election resulted in trading remaining cautious.

The All Ordinaries index regained 1.) to 461.1, while the Oil and Gas Index recouped 7.8 at 407.7 and Metals and Minerals 3.1 at 348.7. In contrast, the Industrials index shed 1.6 to 606.7, its lowest level this year.

BHP rose 20 cents to A$6.78. Brokers said the market was expecting a favourable Government decision to the steel maker's request for added protection from imports.

Among Minings, Western Mining improved 8 cents to A$3.08 and MIM 5 cents to A$2.85, while in the Golds sector, Central Norseman rose 15 cents to A$4.95 and Poseidon 12 cents to A$2.10.

The Oil and Gas group had Santos, A$4.85, and Vamgas, A$6.30, up 10 cents apiece.

The Paris and Brussels Bourses were closed yesterday in observance of the Assumption Day holiday.

CANADA

Stock	Aug. 13	Aug. 12
AMCA Intl	17⅜	17¼
Abitibi	16¼	16¼
Agnico Eagle	7.50	7.50
Alcan Alumin	23½	22½
Algoma Steel	24⅝	24⅞

BELGIUM (continued)

Aug. 13	Price Frs.	+ or −
Petrofina	4,435	−5
Royale Belge	6,040	−10
Soc. Gen. Banq.	2,385	−5
Soc Gen Belge	1,118	−8
Sofina	3,400	+40
Solvay	1,919	−1

HOLLAND

Aug. 16	Price Fls.	+ or −
ACF Holding	77.6	−0.7
Ahold	92.5	+2.5
AKZO	26	+1
ABN	270	+9
AMEV	87.3	
AMRO	58	−0.3
Bredero Cert	153	+1.5

AUSTRALIA

Aug. 16	Price Aust. $	+ or −
ANZ Group	5.45	−0.05
Acrow Aust	1.30	
Ampol Pet	1.18	
Assoc. Pulp Pap	1.45	
Audimco	0.07	
Aust. Cons. Ind.	1.28	
Aust. Guarant.	2.15	
Aust. Nat. Inds.	2.00	−0.06

JAPAN (continued)

Aug. 16	Price Yen	+ or −
Kubota	330	
Kumugai	360	
Kyoto Ceramic	3,400	
Lion	343	−5
Maeda Const.	515	
Makita	705	−6
Marubeni	270	+2
Marudai	522	+2

LONDON STOCK EXCHANGE

Interest rate euphoria develops and Gilt-edged stage biggest one-day rise for two years—Equities subdued

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Aug 2	Aug 12	Aug 13	Aug 23
Aug 16	Sept 2	Sept 3	Sept 13
Sept 6	Sept 16	Sept 17	Sept 27

* "New time" dealings may take place from 9 am two business days earlier.

Falling transatlantic and domestic interest rates created euphoric conditions which took London Stock Exchange quotations for Gilt-edged securities up to fresh three-year peaks yesterday. Furthermore, the strength continued when dealings reopened after the 3.30 pm announcement of new Government funding to the tune of £800m, and selected longer-dated stocks ended with rises stretching to 2¼ points.

Weekend events in America triggered yesterday's boom as U.S. Prime lending rates tumbled in response to the Federal Reserve cutting its discount rate for the third time in four weeks. Subsequently, the UK authorities reduced money market intervention rates, signalling approval for clearing banks to cut base lending rates immediately by the expected ½ to 11 per cent.

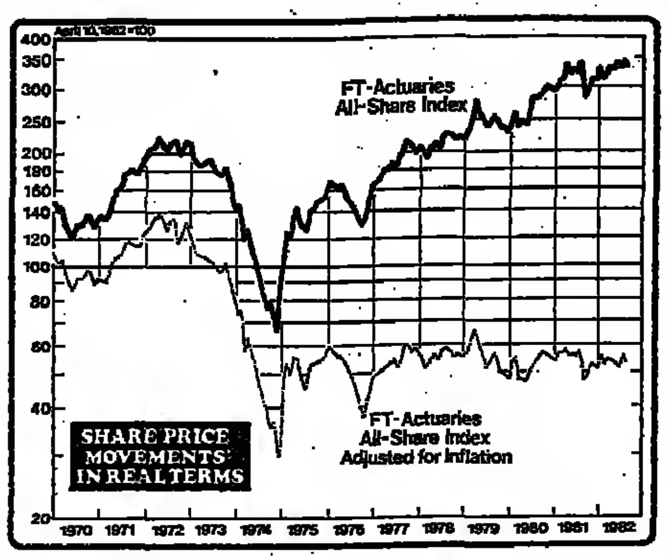
The fact that the Gilt-edged market was earlier free of official tap contributed to the price upsurge. It highlighted a severe stock shortage and any profit-taking sales were eagerly absorbed by fresh domestic and overseas investment demand. Thoughts about the £800m issue of Treasury 10½ per cent 1987, payable £40 on application on Thursday at a minimum tender price of 96.75, were highly favourable and a sizable subscription is anticipated.

Measuring the overall strength of the Gilt market, the FT Government Securities index jumped 1.24 — its biggest advance in a single day since September 9, 1979 — to a fresh three-year high of 75.49, only 0.49 off the May 1979 peak which followed the Conservative General Election victory.

Although providing no competition for Gilts, equity markets retained a quietly firm undertone. Six constituents of the FT Industrial Ordinary share index were quoted ex-dividend, the combined reductions taking about three points off the index. This measure showed small losses at all calculations except at the close when it was nearly a point up at 548.8 helped by yesterday's strong early performance on Wall Street.

The recent disappointing interim dividend season and the trend towards lower interest rates together with concern about the Mexican financial crisis were the main factors contributing to a further sharp decline in the major clearing banks; last week's report that Midland's U.S. subsidiary Crocker National Bank, is owed £19m by the financially unstable Texas Oilfield Supply Industries also helped to dampen sentiment. Barclays lost 10 more to 354p xd as did NatWest, to 400p, while Lloyds cheapened 8 to 380p and Midland fell the same amount to 296p.

Still reflecting the weakness in Hong Kong shares, Standard Chartered lost 11 more to 363p. Discount Houses, on the other hand, gained ground in sympathy with buoyant gilts. Union advanced 15 to 476p and Gerrard and National 10 to 305p. Cater Allen put on 6 to 330p and Jessel Toynbee, 66p, and King and Shaxson, 102p, appreciated 4 apiece.



Interim figures from Royals proved to be a little better than expected following Commercial Union's and General Accident's poor performances last week. The increased interim dividend and near-53 per cent contraction in first-half profits left Royals 8 up at 350p, while Sun Alliance, which report half-yearly figures on September 1, firmed 4 to 754p.

Delmar (formerly Speedwell Gear Case) made a quiet debut in the Unlisted Securities market, trading between 31p and 29p before closing at 30p.

In marked contrast to the paucity of interest generally shown elsewhere in equities, the drinks sector attracted further institutional support after the official close and, following an active two-way business, the leaders finished at the day's best. Bass and Grand Metropolitan added 9 and 6½ respectively to the common level of 250p: the latter being ex the dividend. Allied-Lyons, 116p, and Whitbread, 125p, both firmed 3 while, among regionals, a favourable mention lifted Mansfield 3 to 416p. Cider manufacturers made further good progress on revived investment buying, although rises here were exacerbated by stock shortage. H. P. Bulmer advanced 25 to 600p, while Merrydown Wine closed 17 higher at 178p xd.

Blue Circle, down 11 more at a 1982 low of 412p, remained depressed by the recent fall in the Chilean peso, while the Mexican exchange control measures also undermined sentiment. Elsewhere in the Building sector, D. Crouch stood out with a rise of 7 to 100p in response to a Press mention along with Arncliffe, which improved 4 to 42p. Tarmac rose 6 to 338p and Barratt Developments edged up 3 to 306p. Other firm spots included M. J. Gleeson, 5 higher at 125p, and J. Carr, up 3 more at 104p. Howard Shuttering, in contrast, eased 2 to 31p, following lower annual profits.

ICI firmed 3 to 272p xd, while Rentokil, awaiting Thursday's half-year figures, continued to edge higher with a gain of 4 to 191p.

Stores began the extended Account on a quietly dull note and the provisional retail sales figures for July had no apparent effect on sentiment; the leaders gave up the small gain established on Friday. Secondary counters also displayed narrow mixed movements.

Plessey improved 5 more to 517p on demand ahead of Thursday's first-quarter results. Elsewhere in Electricals, BICC gained 5 to 293p, while renewed speculative support lifted Ferranti 13 to 403p. An investment recommendation attracted buyers to First Castle Securities and at the close was 6 better at 63p. Sound Diffusion also put on 6, to 140p, on speculative buying. Louis Newmark, however, lost 18 in a thin market to 190p ahead of Thursday's preliminary results.

Interest in the Engineering leaders remained at a low ebb, but quotations finished the day on a quietly firm note. GKN edged up 4 to 143p and Vickers 3 to 127p, while Hawker ended a couple of pence dearer at 334p. Favourable Press mention prompted a gain of 3 to 168p in Adwest. Fresh support left Glynwed 1½ harder at 92p and Woodhouse and Rixson came to life with a gain of 2½ to 25½p.

HK stocks flat

A further slide in Hong Kong issues featured miscellaneous industrials. Hutchison Whampoa fell 15 more to 99p and China Light declined 11 to 102p, while Jardine Matheson relinquished 10 to 126p and falls of around 4 were seen in Swire Pacific A, 80½p, and Wheelock Marden, 39p. Elsewhere, Johnson Group Cleaners, at 228p, retrieved 6 of the recent sharp fall which followed the referral of Sunlight Service's controversial bid to the Monopolies Commission. Aeronautical and General improved 20 more to 252p xd on renewed support in a thin market, while Press comment prompted rises of between 3 and 5 in R. Kelvin Watson, 73p, Dundonian, 74p and Braby Leslie, 51p. London and Liverpool Trust hardened 2 to 51p in response to an investment recommendation and C. H. Industrials edged forward a penny to 17p following the chairman's optimistic statement. Up 23 last week on a broker's profits forecast, Fisons improved 4 more to 392p, while Peter Black revived with a gain of 5 to 345p xd. By way of contrast, Pentos lost 2 to 9p on adverse comment.

With the noteworthy exception of Dowty, 4 up at 148p, Motor and aircraft components drifted to slightly lower positions. The prospect of further redundancies clipped a penny from AE, 33p.

A newsletter investment recommendation prompted scattered support of Fleet Holdings, which added a couple of pence to 20p. Other Newspapers traded quietly and generally without distinction.

Properties displayed no set trend following a small trade. Reflecting weakness in Hong Kong, Hong Kong Land fell 5 to 51p and Swire Properties 4 to 62p. Dares Estates cheapened a penny to 16p following the interim figures, while Bairstow Eves, with first-half results scheduled for next Tuesday, hardened a penny to 60p.

Oils improve

Oils followed the firmer trend, but the volume of business left a lot to be desired. British Petroleum edged up 2 to 282p and Shell, awaiting tomorrow's half-year figures, firmed 6 to 380p. Late support left Ultramar 10 to the good at 388p xd. Lasmo, still benefiting from the Dome Petroleum deal, put on 8 further to 333p.

Poor annual results and the gloomy statement on the outlook from Reardon Smith, down a penny at 94p, appeared to have been well discounted. Elsewhere in Shippings, P. and O. Deferred, inclined easier at one stage, rallied to close a penny better on balance at 148p.

A dull market following the announcement of 'disappointing' interim figures at the beginning of the month, Nottingham Manufacturing attracted fresh investment support and rallied 6 to 182p, after 184p.

Golds up again

Mining markets began the new account on a quietly firm note. South African Golds made good progress after a steady opening, boosted by the renewed strength of the bullion price following the further cut in prime rates in the U.S.

The latter stimulated persistent American buying of Golds which advanced strongly prior to closing a fraction below the day's best owing to profit-taking.

The Gold Mines index moved up 3.6 more to 285.6, extending the gain over the past four trading days to 17.8. Bullion was finally $4 up at $342.50 an ounce.

Marginal Golds attracted strong demand, notably East Rand Proprietary, 78 higher at 435p and Durban Deep, £1 up at a 1982 high of £10¼ and Marievale, which rose 14 to 120p. Prominent among the heavyweights were President Brand, £1 firmer at £15¼ and Western Holdings a similar amount to the good at £17¼.

London Financials also made progress. Gold Fields improved 6 to 403p, after 405p, reflecting the fresh advance by the bullion price, while Charter put on 5 to 187p and RTZ 3 to 413p following the latest developments in the acquisition of South Crofty.

Platinums were marginally firmer with the exception of Impala, which fell 4 to 232p following the lower full-year profits... and ...produced final dividend.

Little interest was shown in Australians with dealers awaiting the Federal budget, details of which are expected to be known in London around midday today.

Elsewhere, the Charter/RTZ acquisition of South Crofty prompted modest interest in the other quoted Cornish tin mine, Geevor, which rose 4 to 67p.

Business in Traded Options was slow to develop and only 1,183 contracts were done—barely a half of last week's daily average of 2,066. Reasonable activity was noted, however, for Grand Metropolitan, Lonrho and Barclays Bank, with all three underlying securities being quoted ex the dividend. Some useful gains became evident among Shell Transport positions in front of Wednesday's mid-term statement; the October 360 calls rose 6 to 30p, while the October 390 calls finished 3 higher at 11p.

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Aug 9	Aug 20	Nov 11	Nov 22
Aug 23	Sept 3	Nov 25	Dec 6
Sept 13	Sept 24	Dec 9	Dec 20

For rate indications see end of Share Information Service

Money was given for the call in Lonrho, Pennine Commercial, ICL, Turner and Newall, British Petroleum, Bio-Isolates, KCA International, Wheelock Marden A, Premier Oil, Sound Diffusion, Hongkong and Shanghai Banking and Clive Discount. A put was taken out in Clive Discount, while doubles were arranged in Lofs, ICL, Wheelock Marden A and Cable and Wireless.

Allied Irish Banks forms Jersey company

Allied Irish Banks has established a Jersey subsidiary, Allied Irish Banks (CI), which forms an integral part of the international expansion of the group.

The function of the new company will be to participate fully in the increasingly important financial centre in Jersey and to provide offshore banking facilities to the group's overseas customers. It will be active in the international money and foreign exchange markets.

FINANCIAL TIMES STOCK INDICES

	Aug. 16	Aug. 13	Aug. 12	Aug. 11	Aug. 10	Aug. 9	A year ago
Government Secs.	75.49	74.25	73.55	72.98	73.75	72.59	65.24
Fixed Interest	74.83	74.02	73.64	75.23	73.10	79.94	66.28
Industrial Ord.	548.8	544.9	544.9	547.4	541.1	540.4	572.8
Gold Mines	285.6	269.0	256.9	251.1	247.7	347.8	388.3
Ord. Div. Yield	5.41	5.42	5.43	5.39	5.46	5.46	5.25
Earnings, Yld.% (full)	12.03	18.04	12.06	11.55	11.69	11.70	8.18
P/E Ratio (net) (*)	9.96	8.97	9.95	10.47	10.34	10.34	14.22
Total bargains	17,170	17,682	14,363	14,294	18,345	16,028	17,348
Equity turnover £m.	—	128.95	118.40	100.83	100.33	110.81	123.75
Equity bargains	—	12,269	10,356	9,108	10,898	11,057	14,003

10 am 543.7. 11 am 543.8. Noon 544.1. 1 pm 543.3.
2 pm 542.8. 3 pm 543.0.

Basis 100 Govt. Secs. 15/10/26. Fixed int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil 9.30.

† Correction.

HIGHS AND LOWS

	1982 High	1982 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.48 (16/8)	61.89 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.23 (16/8)	62.78 (7/1)	150.4 (28/11/47)	50.53 (5/1/75)
Ind. Ord.	604.0 (8/6)	518.1 (5/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	302.0 (6/1)	181.2 (22/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Aug. 13	Aug. 12
—Daily		
Gilt Edged Bargains	293.1	939.2
Equities Bargains	79.5	67.1
Value	256.0	238.3
5-day Avrge.		
Gilt-Edged Bargains	245.2	250.8
Equities Bargains	68.3	66.8
Value	225.3	217.0

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price p	+ or −	Div. or amount	Times Covered	Gross Yield	P.E. Ratio
‡‡	F.P.	—	46	36	✠Anglo-Nordic 5p	36	−1	b0.89	2.0	3.5	20.3
‡‡	F.P.	—	82½	70	Antofagasta Hldgs £1	75	......	7.0	5.6	13.5	2.3
‡‡	—	30/7	20	11	Argyll Foods Warr'ts.	17	......	—	—	—	—
§45	F.P.	—	46	34	Atlantis Res. Int.	35	−5	—	—	—	—
—	F.P.	—	24	24	Beradin Holdings 5p	24	......	0.65	1.5	3.9	25.8
33	F.P.	7/9	68	44	✠Bio-Isolates 10p	68	+3	—	—	—	—
§35	F.P.	10/9	44	38	✠Coleman Milne 10p	44	+1	u1.6	3.2	4.9	7.1
‡§	F.P.	—	31	28	✠Delmar Group	30	......	u1.68	2.4	6.0	7.4
—	F.P.	29/11	105	96	✠Ecobric New Ord £1	96	......	bd10.5	1.2	15.6	4.5
—	F.P.	—	63	57	✠ Do. Defd.	57	......	—	—	—	—
80	F.P.	24/9	56	48	✠Hadson Pet. Int. 5p	52	......	—	—	—	—
§110	F.P.	17/9	182	159	✠Int'aurocoTech. 20p	159	−1	u4.0	1.8	3.5	22.3
‡60	F.P.	6/8	60	48	✠Knight Cmptr Int 5p	48	−1	bd1.6	2.0	4.8	15.3
§137	F.P.	30/7	185	150	✠McCarthy & Stone	165	......	b5.75	2.7	4.4	11.1
‡120	F.P.	27/8	171	153	Multitone Elect	169	......	u2.52	3.4	2.1	15.0
‡‡	F.P.	24/9	178	170	Pactrol Electronics	176xr	−5	F3.5	—	2.0	—
—	F.P.	—	25	20	RIT & NorthernWar'ts	21	......	—	—	—	—
‡‡	F.P.	—	36½	31	Rowe Evans Inv. 10p.	31	......	—	—	—	15.5
‡‡	F.P.	—	13	11	✠Sheralen Secs 10p	11	......	—	—	—	—
‡‡	F.P.	—	44	37	Walker (Alfred) 10p	38	......	b0.75	6.3	2.8	7.1
—	F.P.	—	36	28	✠Yelverton Invs. 5p	29	......	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price £	+ or −
‡‡	F.P.	—	60p	88p	Antofagasta 3.5% Pref. £1	55p	......
99.028	£20	—	24¾	21¼	Australia 13½% Ln. 2010	23¾	−1¼
§100	F.P.	89/7	100½	95	Cronite 14½ Cnv. Uns. Ln. '92	97	......
100	F.P.	—	100⅝	99¾	Nationwide Bdg. Soc. 11¾% 15/8/83	100⅛	−⅛
99.345	£25	—	31¼	24½	New Zealand 14¼% 1987	31¼	−⅛
100	£25	9/9	26½	25	Portsmouth Water 14½% Red. Deb. '92.	26½	−½
1861	F.P.	3/9	82	82	Smurfit Jefferson Pref. Units 20	82	—
‡100	£10	17/11	14½	13½	West Kent Water 6¾% Red. Pref. 87-09	14½	......

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date ●	Latest Renunc. date ■	1982 High	1982 Low	Stock	Closing price p	+ or −
180	Nil	18.8	22.10	50pm	44pm	Automated Security 10p	50pm	......
100	Nil	—	—	40pm	27pm	✠Berkeley Exploration £1	29pm	−2
103	F.P.	6/8	17/9	122	117	Blundell-Permoglaze	118	......
78	F.P.	2/8	17/9	84	80	Goal Pet. 5p	84	+2
25	F.P.	26/7	3.9	25½	22	Jenks & Cattell	22	......
65	F.P.	30/7	20.8	81	75	Minster Assets	76	......
78	Nil	—	—	100pm	92pm	Pactrol Electronics	96pm	......

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. r Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. F Dividends and yield based on prospectus or other official estimates for 1983. Q Gross. † Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ✠ With warrants. †† Dealings under special Rule. ✠ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(e). ‡‡ Unit comprising five ordinary and three Cap. shares. ◊ Issued free as an entitlement to ordinary holders.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Bass	250	+9	Hutchison Whampoa	99	−15
Charter Cons	187	+5	Jardine Matheson	126	−10
Crouch (D.)	100	+7	Johnson Cleaners	228	+6
[illegible]	107	[illegible]	Midland Bank	296xd	−8
Ferranti	403	+13	Standard Chartered	363	−11
Grand Met	250xd	+6½	Union Discount	475	+15

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Friday's closing price	Day's change	Stock	No. of changes	Friday's closing price	Day's change
Howard Tenens	14	57	[illegible]	Barclays Bk	11	375	−7
LASMO	14	325	−15	Brown (J.)	11	[illegible]	[illegible]
Charter Cons	14	172	[illegible]	P. & O. Dfd	11	[illegible]	[illegible]
Glaxo	13	745	−15	Turner & Newall	11	[illegible]	[illegible]
Lonrho	13	58	+1	Unilever	11	[illegible]	[illegible]
Plessey	12	512	+5	ICI	11	[illegible]	[illegible]
Blue Circle	12	423	−5	Royal Ins	11	[illegible]	[illegible]

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Mon Aug 16 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri Aug 13 Index No.	Thurs. Aug 12 Index No.	Wed Aug 11 Index No.	Tues Aug 10 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (209)	[illegible]	+0.5	9.75	4.26	12.87	393.14	393.27	395.23	391.58	376.33
2	Building Materials (23)	333.15	—	12.40	5.53	10.04	333.16	333.65	331.82	330.04	325.45
3	Contracting, Construction (28)	[illegible]	+0.5	14.02	4.96	8.53	619.03	618.27	616.24	614.23	588.50
4	Electricals (31)	[illegible]	+0.9	6.94	2.08	18.87	1547.40	1548.11	1569.45	1544.62	1248.45
5	Engineering Contractors (11)	[illegible]	−1.5	14.19	6.46	8.51	475.39	476.05	475.69	471.53	508.73
6	Mechanical Engineering (67)	[illegible]	+0.4	12.46	6.07	9.62	193.31	193.28	192.90	192.99	216.24
8	Metals and Metal Forming (11)	145.75	+1.6	12.89	8.32	9.62	143.48	143.01	141.80	139.73	173.63
9	Motors (20)	77.38	−0.7	3.18	9.01	—	77.95	78.35	77.97	77.86	105.85
10	Other Industrial Materials (18)	[illegible]	+0.3	10.93	6.31	11.19	337.48	337.56	338.98	338.19	404.66
21	CONSUMER GROUP (202)	[illegible]	+0.4	12.55	5.48	9.65	316.76	317.34	316.35	313.39	296.18
22	Brewers and Distillers (22)	354.39	+0.7	13.50	5.87	9.01	351.99	352.97	350.24	344.04	317.84
25	Food Manufacturing (22)	271.81	+0.5	16.67	6.68	7.01	270.44	271.89	271.72	270.81	273.12
26	Food Retailing (14)	668.60	+0.8	8.79	3.36	13.97	663.19	665.85	663.78	660.65	568.43
27	Health and Household Products (9)	493.11	+0.9	6.97	3.44	16.92	488.68	485.73	483.51	479.80	363.12
29	Leisure (23)	401.11	−0.8	10.49	5.85	12.08	404.53	406.61	406.38	404.83	473.99
32	Newspapers, Publishing (13)	525.56	+0.2	11.71	5.96	10.75	524.64	525.78	521.63	521.85	582.74
33	Packaging and Paper (14)	134.53	+0.6	17.91	8.25	6.49	133.67	134.32	133.99	133.97	155.88
34	Stores (45)	285.03	−0.1	10.22	4.90	12.99	285.40	285.67	284.34	282.50	276.83
35	Textiles (23)	163.80	+0.1	14.03	6.53	8.68	163.69	163.57	162.98	161.66	168.14
36	Tobaccos (3)	340.23	+0.6	23.52	8.13	4.75	338.13	339.49	339.49	333.06	268.94
39	Other Consumer (14)	255.53	−0.1	6.70	6.13	29.46	255.80	254.92	253.69	253.37	289.18
41	OTHER GROUPS (76)	245.28	−0.6	13.98	6.88	8.66	246.79	246.04	248.87	246.21	238.00
42	Chemicals (15)	315.13	−1.3	15.60	7.60	7.63	319.17	316.55	320.26	316.88	382.90
44	Office Equipment (4)	96.30	+1.4	16.89	9.07	7.27	94.93	95.28	96.54	95.74	116.24
45	Shipping and Transport (13)	542.92	—	13.95	7.53	8.95	543.14	545.89	545.89	547.73	537.40
46	Miscellaneous (44)	329.11	−0.4	12.16	5.77	10.05	330.56	332.57	332.33	330.54	311.59
49	INDUSTRIAL GROUP (487)	333.89	+0.3	11.67	5.19	10.49	332.87	333.23	333.43	330.51	315.22
51	Oils (13)	650.54	+1.1	24.41	8.95	4.64	643.28	641.00	641.57	633.32	787.15
59	500 SHARE INDEX	359.87	+0.4	13.50	5.73	8.88	358.36	358.50	358.73	355.38	353.39
61	FINANCIAL GROUP (117)	239.54	−0.6	—	7.21	—	241.09	244.23	244.34	244.95	278.67
62	Banks (6)	249.70	−3.7	40.59	9.58	2.71	259.38	264.53	265.38	265.00	285.76
63	Discount Houses (9)	256.16	+3.1	—	9.12	—	248.56	248.49	249.03	249.03	272.81
65	Insurance (Life) (9)	258.18	+0.5	—	7.09	—	257.01	262.07	264.08	263.82	292.72
66	Insurance (Composite) (10)	151.03	+0.6	—	9.37	—	150.08	151.77	151.69	154.81	185.60
67	Insurance Brokers (7)	513.09	−0.3	10.87	5.06	12.56	514.75	516.88	515.36	514.65	436.01
68	Merchant Banks (12)	139.02	—	—	6.38	—	139.06	138.62	137.40	135.61	173.91
69	Property (49)	413.65	+0.8	5.62	3.92	23.65	410.46	412.01	410.78	410.67	495.32
70	Other Financial (15)	157.25	−1.9	19.61	7.39	5.87	160.27	164.52	164.55	165.71	186.44
71	Investment Trusts (111)	288.81	+0.4	—	5.73	—	287.73	289.92	290.70	290.41	332.98
81	Mining Finance (4)	205.14	+1.2	15.41	6.92	8.13	202.71	201.72	198.96	198.73	288.01
91	Overseas Traders (18)	350.96	−1.2	14.94	9.12	8.19	355.31	355.35	359.21	359.63	437.91
99	ALL-SHARE INDEX (750)	327.86	+0.2	—	6.05	—	327.07	327.97	328.16	325.99	338.64

FIXED INTEREST

	PRICE INDICES	Mon Aug 16	Day's change %	Fri. Aug 13	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	116.95	+0.82	116.00	0.60	7.94
2	5-15 years	121.47	+1.86	119.73	0.48	9.16
3	Over 15 years	126.63	+2.03	124.12	—	8.17
4	Irredeemables	129.41	+1.54	127.45	—	7.27
5	All Stocks	121.35	+1.58	119.83	0.37	8.44
6	Debentures & Loans	95.55	+1.17	95.44	0.99	7.67
7	Preference	67.97	−0.18	68.32	1.24	5.18

	AVERAGE GROSS REDEMPTION YIELDS		Mon Aug 16	Fri Aug 13	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	9.06	9.38	12.37
2		15 years	11.29	11.53	13.03
3		25 years	11.55	11.79	13.27
4	Medium Coupons	5 years	11.69	12.11	14.57
5		15 years	12.38	12.68	15.01
6		25 years	11.99	12.26	14.57
7	High Coupons	5 years	11.76	12.14	14.50
8		15 years	12.52	12.82	15.20
9		25 years	12.14	12.37	14.83
10	Irredeemables†		11.52	11.70	12.87
11	Debs & Loans	5 years	13.65	13.58	15.62
12		15 years	13.67	13.78	15.86
13		25 years	13.69	13.81	15.93
14	Preference†		14.40	14.32	15.92

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

NEW HIGHS AND LOWS FOR 1982

NEW HIGHS (144)

BRITISH FUNDS (72)
INT. BK. & O'SEAS GOVT. STLG. ISS. (4)
CORPORATION LOANS (3)
COM'WEALTH & AFRICAN LOANS (3)
LOANS (3)
FOREIGN BONDS (2)
BEERS (2)
BUILDINGS (6)
CHEMICALS (3)
DRAPERY & STORES (2)
ELECTRICALS (3)
INDUSTRIALS (6)
PAPER (1)
PROPERTY (1)
TRUSTS (3)
MINES (2)

NEW LOWS (82)

FOREIGN BONDS (1)
Hungary '24 Ass.
BANKS (6)
ANZ — Royal Bk. of Scotland
Barclays Bank — Standard Chartered
Commerzbank
BUILDINGS (6)
Allied Residential — Mangers
Blue Circle — UBM
Ibstock Johnsen — Wiggins
CHEMICALS (2)
Hoechst — Leigh Ints.
STORES (3)
Freedy (Alfred) — Stanley (A. G.)
ELECTRICALS (7)
[illegible]
ENGINEERING (12)
[illegible]
FOODS (2)
[illegible]
INDUSTRIALS (17)
[illegible]
INSURANCE (1)
[illegible]
LEISURE (1)
[illegible]
MOTORS (4)
[illegible]
NEWSPAPERS (2)
[illegible]
PROPERTY (1)
[illegible]
SHIPPING (1)
[illegible]
TEXTILES (4)
[illegible]
TRUSTS (7)
[illegible]
OIL & GAS (3)
[illegible]
OVERSEAS TRADERS (1)
[illegible]
PLANTATIONS (1)
[illegible]
MINES (1)
[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	80	—	3
Corpns. Dom. and Foreign Bonds	45	2	28
Industrials	225	190	911
Financial & Props.	139	70	304
Oils	30	13	65
Plantations	1	0	19
Mines	64	23	68
Others	92	11	43
Totals	691	311	1,442

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on August 16 1982. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rates; (P) based on U.S. dollar parities and going sterling/dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	89.00
Albania	Lek	10.15
Algeria	Dinar	7.8950
Andorra	French Franc	11.9275
	Spanish Peseta	192.65
Angola	Kwanza	(CM) 60.7025
Antigua (S)	E. Caribbean $	(T) 52.691
		4.60
Argentina	Ar. Peso	(cm) 39,440
		(fn) 66,257
Australia (S)	Australian $	1.7520
Austria	Schilling	30.185
Azores	Portugu'se Escudo	147.50
Bahamas	Ba. Dollar	1.7030
Bahrain	Dinar	0.639
Balearic Isles	Spa. Peseta	182.66
Bangladesh	Taka	38.25
Barbados	Barbados $	3.406
Belgium	B. Franc	(cm) 81.90
		(fn) 84.15
Belize	B $	3.40
Benin	C.F.A. Franc	594.75
Bermuda	Bda $	1.7030
Bhutan	Indian Rupee	16.19
Bolivia	Bolivian Peso	(om) 74.93
		(FXA) 170.3
Botswana	Pula	1.89 55
Brazil	Cruzeiro	322.03
Brit. Virgin Isles	U.S. $	1.7030
Brunei	Brunei $	3.7375
Bulgaria	Lev	1.6810
Burma	Kyat	13.5289
Burundi	Burundi Franc	155.445
Camero'nRepublic	C.F.A. Franc	585.375
Canada	Canadian $	2.1305
Canary Islands	SpanishPeseta	192.65
Cape Verde Isle	Cape V. Escudo	93.00
Cayman Islands	Cay. Is. $	1.4190
Cent. Afr. Republic	C.F.A. Franc	595.375
Chad	C.F.A. Franc	595.375
Chile	C. Peso	107.0
China	Renminbi Yuan	3.3519
Colombia	C. Peso	(F) 110.55
Comoro Islands	C.F.A. Franc	596.375
Congo (Brazaville)	C.F.A. Franc	595.370
Costa Rica	Colon	(O) N/A
		(F) N/A
Cuba	Cuban Peso	1.4105
Cyprus	Cyprus £	0.835
Czechoslovakia	Koruna	(com) 10.80
		n/c 18.81
		(T) 18.20
Denmark	Danish Krone	14.905
Djibouti	Fr.	290 (sg)
Dominica	E. Caribbean $	4.60
Dominican Repub.	Dominican (Peso)	1.7030
Ecuador	Sucre	(O) 56.35
		(F) 98.09
Egypt	Egyptian £	(U) 1.415
Equatorial Guinea	Ekuele	385.3
Ethiopia	Ethiopian Birr *	(P) 3.5400
Falkland Islands	Falkland Is £	1.0
Faroe Islands	Danish Krona	14.905
Fiji Islands	Fiji $	1.6190
Finland	Markka	8.17375
France	French Franc	11.9275
FrenchC'tyin Af*	C.F.A. Franc	595.375
French Guiana	Local Franc	11.9276
French Pacific Is.	C.F.P. Franc	200 (sg)
Gabon	C.F.A. Franc	596.375
Gambia	Dalasa	4.0
Germany (East)	Ostmark	4.29
Germany (West)	Deutsch Mark	4.29
Ghana	Cedi	4.71
Gibraltar	Gibraltar £	1.0
Greece	Drachma	120.188

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Greenland	Danish Kroner	14.905
Granada	E. Caribbean $	4.60
Guadaloupe	Local Franc	11.9275
Guam	U.S. $	1.7030
Guatemala	Quetzal	1.7030
Guinea Republic	Syli	38.95
Guinea Bissau	Peso	69.45
Guyana	Guyanese $	5.1210
Haiti	Gourd	8.515
Honduras Repub.	Lempira	3.4170
Hong Kong	H.K. $	10.4325
Hungary	Forint	66.656
Iceland	I. Krona	N/A
India	Ind. Rupee	16.18
Indonesia	Rupiah	1,120.50
Iran	Rial	145.50 (sg)
Iraq	Iraq Dinar	0.50065
Irish Republic	Irish £	1.2445
Israel	Shekel	46.30
Italy	Lira	2,397.0
Ivory Coast	C.F.A. Franc	595.375
Jamaica	Jamaica Dollar	3.0371
Japan	Yen	449.25
Jordan	Jordan Dinar	0.603
Kampuchea	Riel	2,043.6
Kenya	Kenya Shilling	18.525
Kiribati	Australian $	1.7520
Korea (Nth)	Won	1.70(u)
Korea (Sth)	Won	1,265.11
Kuwait	Kuwait Dinar	0.49365
Laos	New Kip	17.03
Lebanon	Lebanese £	8.7975
Lesotho	Loti	1.97425
Liberia	Liberian $	1.7030
Libya	Libyan Dinar	0.5042
Liechtenstein	Swiss Franc	3.6725
Luxembourg	Lux Franc	81.90
Macao	Pataca	10.98
Madeira	Portug'se Escudo	147.50
Malagasy Republic	MG Franc	630.60
Malawi	Kwacha	1.9145
Malaysia	Ringgit	4.0275
Maldive Islands	Rufiyaa	12.85
Mali Republic	Mali Franc	1,192.75
Malta	Maltese £	0.718
Martinique	Local Franc	11.825
Mauritania	Ouguiya	87.20
Mauritius	M. Rupee	18.90
Mexico	Mexican Peso	(F) 136.25(4)
		(P) 84.30(5)
Miquelon	C.F.A. Franc	596.375
Monaco	French Franc	11.9275
Mongolia	Tugrik	(o) 5.67(ii)
Montserrat	E. Caribbean $	4.60
Morocco	Dirham	10.45 (sg)
Mozambique	Metical	53.30
Nauru	Australian Dollar	1.7520
Nepal	Nepalese Rupee	22.45
Netherlands	Guilder	4.72
NetherlandAntilles	Antilian Guilder	3.0483
New Zealand	N.Z. Dollar	2.3480
Nicaragua	Cordoba	17.00
Nigar Republic	C.F.A. Franc	595.375
Nigeria	Naira	1.157871 (sg)
Norway	Norway Krona	11.52
Oman Sul'ate of	Rial Omani	0.587
Pakistan	Pakistan Rupee	20.65
Panama	Balboa	1.7030
PapuaN. Guinea	Kina	1.2950
Paraguay	Guarani	(O) 214.20
		(F) 272.00

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Peru	Sol	exc(A) 1,229.24
Philippines	Philippine Peso	14.24
Pitcairn Islands	£ Sterling	—
	New Zealand $	2.3480
Poland	Zloty	(Cm) 147.86
		(T) 147.36
Portugal	Portugu'se Escudo	147.50
Puerto Rico	U.S. $	1.7050
Qatar	Qatar Ryal	6.16
Reunion Ile de la	French Franc	11.9275
Romania	Leu	(Cm) 7.95
		(n.c.) 19.65
Rwanda	Rwanda Franc	162.00
St. Christopher	E. Caribbean $	4.60
St. Helena	St. Helena £	1.0
S. Lucia	E. Caribbean $	4.60
St. Pierre	Local Franc	11.9275
St. Vincent	E. Caribbean $	4.60
Salvador El	Colon	4.25
Samoa American	U.S. $	1.7030
San Marino	Italian Lira	2,397.0
Sao Tome & Prin.	Dobra	71.40
Saudi Arabia	Ryal	5.8560
Senegal	C.F.A. Franc	596.375
Seychelles	S. Rupee	11.25 (sg)
Sierra Leone	Leone	2.1739
Singapore	Singapore $	3.7375
Solomon Islands	Solomon Is. $	1.7871
Somali Republic	Somali Shilling (1)	A N A
Somali Republic	Somali Shilling (2)	N A
South Africa	Rand	1.97425
South West African Territories	S. A. Rand	1.97425
Spain	Peseta	192.65
Spanish ports in North Africa	Peseta	192.65
Sri Lanka	S. L. Rupee	35.70
Sudan Republic	Sudan £ (u)	1.5527
Surinam	S. Guilder	3.0485
Swaziland	Lilangeni	1.97425
Sweden	S. Krona	10.5475
Switzerland	Swiss Franc	3.6725
Syria	Syria £	(A) 10.0
Taiwan	New Taiwan $	64.70
Tanzania	Tan. Shilling	16.125
Thailand	Baht	39.25
Togo Republic	C.F.A. Franc	596.375
Tonga Islands	Ha'anga	1.7520
Trinidad	Trinidad & Tob. $	4.0872
Tunisia	Tunisian Dinar	1.02 (sg)
Turkey	Turkish Lire	291.97
Turks & Caicos	U.S. $	1.7050
Tuvalu	Australian $	1.7520
Uganda	Uganda Shilling	165.0
United States	U.S. Dollar	1.7050
Uruguay	Uruguay Peso	(cm) 21.71
		(fn) 21.69
Utd. Arab Emirates	U.A.E. Dirham	6.25275
U.S.S.R.	Rouble	1.2765
Upper Volta	C.F.A. Franc	596.375
Vanuatu	Vatu	167.75
	Aust. Dollar	1.7520
Vatican	Italian Lira	2,397.0
Venezuela	Bolivar	7.32
Vietnam	Dong	(O) 3.700
		(T) 14.17
Virgin Island U.S.	U.S. Dollar	1.7030
Western Samoa	Samoan Tala	2.095
Yemen (Nth)	Ryal	7.73 (sg)
Yemen (Sth)	S. Yemen Dinar	(A) 0.5870
Yugoslavia	New Y Dinar	64.4571
Zaire Republic	Zaire	10.035667
Zambia	Kwacha	1.6500
Zimbabwe	Zimbabwe $	1.319

* That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 71.50. ** Rate is the transfer market (controlled). ‡‡ Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. (ii) Based on gross rates against Russian roubles. (1) Parallel exchange rate for essential imports. (2) Exports, non-essential imports and transfer. (3) Essential goods. (4) Floating rate. (5) Preferential rate for priority imports such as foodstuffs.

Companies and Markets

CURRENCIES and MONEY

Dollar firm

Dollar improved in quiet foreign exchange trading yesterday. Eurodollar rates fell sharply following the reduction in the U.S. Federal Reserve discount rate, but sentiment continued to favour the U.S. currency. Doubts about interest rate trends led to thin nervous trading, but there was no sign of any strong move out of the dollar despite falling Federal funds interest rates, and cuts in U.S. bank prime lending rates.

Sterling was slightly firmer overall, closing unchanged against the dollar, but stronger against European currencies.

DOLLAR — Trade-weighted index (Bank of England) 122.6 against 122.4 on Friday, and 113.4 six months ago. Three-month Treasury bills 8.38 per cent (14.70 per cent six months ago). Annual inflation 7.1 per cent (6.7 per cent previous month)—The dollar rose to DM 2.5170 from DM 2.5075 against the D-mark; to FFr 7.0050 from FFr 6.99 against the French franc; to SwFr 2.1550 from SwFr 2.1425 in terms of the Swiss franc; and to Y263.75 from Y262 against the Japanese yen.

STERLING — Trade-weighted index 91.1 against 91.0 at noon, 91.0 in the morning, 90.9 at the previous close, and 91.6 six months ago. Three-month interbank 11⅝ per cent (14⅝ per cent six months ago). Annual inflation 8.7 per cent (9.2 per cent previous month)—The pound finished unchanged at $1.7025-$1.7035 against the dollar in thin trading. It opened at $1.7070-$1.7080, the highest level of the day, and traded within a fairly narrow range, touching a low of $1.6970-1.6980 in the early afternoon. Sterling showed a firmer trend against Continental currencies however, rising to DM 4.29 from DM 4.27; to SwFr 3.6725 from SwFr 3.65; and to FFr 11.9275 from FFr 11.90. It also rose to Y449.25 from Y446.50 against the yen.

DEUTSCHEMARK — EMS member (weakest). Trade-weighted index unchanged at 124.4 against on Friday, and 120.9 six months ago. Three-month interbank 9.125 per cent (10.30 per cent six months ago). Annual inflation 5.6 per cent (5.8 per cent previous month) — The Deutschemark showed mixed changes at the Frankfurt fixing. The dollar rose to DM 2.5215 from DM 2.4985 as the German central bank sold $31.35m. Sterling rose to DM 4.2830 from DM 4.2760, but the Swiss franc eased to DM 1.1673 from DM 1.1682. Within the EMS the French franc rose to DM 35.93 per 100 francs from DM 35.88, and the Dutch guilder to DM 90.795 per 100 guilders from DM 90.775. On the other hand the Irish punt fell to DM 3.4410 from DM 3.4430, and the Belgian franc to DM 5.2260 per 100 francs from DM 5.2370.

DUTCH GUILDER — EMS member (second weakest). Trade-weighted index 115.7 against 116.1 on Friday, and 113.5 six months ago. Three-month interbank 9 per cent (10⅛ per cent six months ago). Annual inflation 6.1 per cent (6.5 per cent previous month)—The guilder weakened against most of its EMS partners at the Amsterdam fixing, but improved slightly against the D-mark. The German currency fell to Fl 1.1015 from Fl 1.1017, but the French franc rose to Fl 39.56 per 100 francs from Fl 39.52; the Italian lira to Fl 19.76 per 100 lira from Fl 19.72; the Danish krone to Fl 31.70 per 100 krone from Fl 31.6350; and the Irish punt to Fl 3.8760 from Fl 3.7980. The Belgian franc was unchanged at Fl 5.7670 per 100 francs. The dollar rose to Fl 2.7785 from Fl 2.7530, and sterling to Fl 4.7160 from Fl 4.7130.

JAPANESE YEN — Trade-weighted index 129.5 against 130.0 on Friday, and 136.0 six months ago. Three-month bills 7.34375 per cent (6.59375 per cent six months ago). Annual inflation 2.2 per cent (2.3 per cent previous month)—The yen lost ground to the dollar in Tokyo yesterday. The U.S. unit closed at Y262.625, compared with Y261.90 previously. There was some optimism in the market following the cut in the U.S. discount rate, but the dollar continued to move higher, and is expected to trade within a range of Y261 to Y265 in the near future.

THE POUND SPOT AND FORWARD

Aug 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.6970-1.7080	1.7025-1.7035	0.08c pm-0.02 dis	0.21	0.15-0.25dis	−0.47
Canada	2.1270-2.1380	2.1300-2.1310	0.78-0.88c dis	−4.67	2.08-2.18dis	−4.00
Nethlnd.	4.70-4.74	4.71½-4.72½	1⅛-⅞c pm	2.54	2⅞-2⅝ pm	2.01
Belgium	81.40-82.10	81.85-81.95	10-20c dis	−2.20	33-45 dis	−1.95
Denmark	14.86-14.93	14.90-14.91	3-4ore dis	−2.82	9¼-10¼ dis	−2.58
Ireland	1.2390-1.2470	1.2440-1.2450	0.69-0.73p dis	−6.38	1.76-1.87dis	−5.83
W. Ger.	4.28¼-4.30	4.28½-4.29½	1½-½pf pm	2.45	2⅞-2⅝ pm	2.33
Portugal	146.50-148.00	147.25-147.75	105-280c dis	−15.66	245-745dis	−13.42
Spain	192.25-193.00	192.65-192.75	80-105c dis	−5.76	299-339 dis	−6.62
Italy	2,384-2,398	2,396-2,398	17-19lire dis	−9.01	32½-55½ dis	−9.01
Norway	11.48-11.54	11.51½-11.52½	½-1¼ore dis	−0.91	7¼-8¼ dis	−2.76
France	11.89-11.94	11.92½-11.93½	2½-3½c dis	−3.02	14½-15½ dis	−4.95
Sweden	10.53-10.59	10.54½-10.55½	3½-4½ore dis	−4.55	8½-9½ dis	−3.41
Japan	446-451	448½-449½	1.65-1.45y pm	4.14	4.05-3.85 pm	3.52
Austria	29.87-30.17	30.10-30.15	9½-8¼gro pm	3.13	28-21 pm	3.25
Switz.	3.64-3.69	3.66½-3.67½	2⅞-2⅝c pm	8.58	6½-6 pm	6.81

Belgian rate is for convertible francs. Financial franc 84.10-84.20. Six-month forward dollar 1.25-1.35c dis. 12-month 3.15-3.30c dis.

THE DOLLAR SPOT AND FORWARD

Aug 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6970-1.7080	1.7025-1.7035	0.08c pm-0.02 dis	0.21	0.15-0.25dis	−0.47
Ireland†	1.3630-1.3705	1.3650-1.3685	0.80-0.70c pm	6.59	1.95-1.80 pm	5.49
Canada	1.2500-1.2525	1.2505-1.2515	0.53-0.56c dis	−3.23	1.13-1.17dis	−3.68
Nethlnd.	2.7565-2.7780	2.7685-2.7715	0.55-0.45c pm	2.17	1.83-1.73 pm	2.57
Belgium	48.00-48.25	48.08-48.10	9-10½c dis	−2.43	17-20 dis	−1.53
Denmark	8.7140-8.7785	8.7410-8.7440	2.05-2.30ore dis	−2.98	4.60-5.10dis	−2.22
W. Ger.	2.5010-2.5250	2.5165-2.5175	0.48-0.43pf pm	2.17	1.78-1.73 pm	2.79
Portugal	86.00-86.80	86.45-86.70	75-175c dis	−17.32	150-450dis	−13.86
Spain	112.85-113.40	113.00-113.10	50-80c dis	−6.84	175-200 dis	−6.64
Italy	1,401-1,408¼	1,407-1,408	10½-12lire dis	−9.60	29-31 dis	−8.53
Norway	6.7430-6.7725	6.7620-6.7670	1.80-2.20ore dis	−3.54	4.40-4.80dis	−2.72
France	6.9625-7.0300	7.0025-7.0075	1.90-2.10c dis	−3.43	7.80-8.30dis	−4.60
Sweden	6.1780-6.2040	6.1890-6.1910	2.55-2.75ore dis	−5.14	4.50-4.70dis	−2.97
Japan	262.50-264.30	263.70-263.80	0.88-0.80y pm	3.82	2.63-2.53 pm	3.91
Austria	17.59½-17.74½	17.59½-17.60½	5¼-4gro pm	3.14	14½-11½ pm	2.94
Switz.	2.1400-2.1650	2.1545-2.1555	1.48-1.40c pm	8.02	3.93-3.85 pm	7.22

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

Belgian rate is for convertible francs. Financial franc 49.30-49.50.

CURRENCY MOVEMENTS

Aug. 16	Bank of England Index	Morgan Guaranty Changes%
Sterling	91.1	−32.2
U.S. dollar	122.6	−13.2
Canadian dollar	88.7	−18.8
Austrian schilling	117.1	+35.4
Belgian franc	94.6	−1.9
Danish kroner	81.5	−15.0
Deutsche mark	124.4	+48.1
Swiss franc	145.9	+94.2
Guilder	115.7	+23.9
French franc	75.5	−15.5
Lira	53.6	−58.4
Yen	129.5	+22.4

Based on trade weighted changes from Washington agreement December 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

August 16	Bank rate %	Special Drawing Rights	European Currency Units
Sterling	—	0.654035	0.551584
U.S. $	10½	1.07775	0.937597
Canadian $	15.25	*	1.17598
Austria Sch.	6¾	19.0758	16.5956
Belgian F.	13½	N/A	45.1458
Danish Kr.	11	9.43553	8.21719
D mark	7½	2.71750	2.36230
Guilder	8	2.99447	2.60139
French Fr.	9½	N/A	6.57731
Lira	19	1512.17	1319.45
Yen	5½	282.924	247.536
Norwgn. Kr.	9	7.28114	6.34807
Spanish Pts.	—	132.010	106.106
Swedish Kr.	10	6.66057	5.81598
Swiss Fr.	5½	2.32863	2.02570
Greek Dr'ch	20½	N/A	66.1376

* CS/SDR rate for August 13: N/A.

OTHER CURRENCIES

Aug 16	£	$		Note Rates
Argentina Peso	39,440†	23,200†	Austria	29.85-30.15
Australia Dollar	1.7510-1.7550	1.0280-1.0285	Belgium	83.50-86.50
Brazil Cruzeiro	321.65-328.35	188.88-189.00	Denmark	14.75-14.92
Finland Markka	8.1700-8.1775	4.8015-4.8030	France	11.84-11.94
Greek Drachma	118.76-122.0	70.35-70.75	Germany	4.26-4.30
Hong Kong Dollar	10.421-10.44	6.1300-6.1330	Italy	2350-2390
Iran Rial	145.30*	85.10*	Japan	446-459
Kuwait Dinar (KD)	0.4931-0.4942	0.2899-0.2901	Netherlands	4.68½-4.72½
Luxembourg Fr.	81.85-81.95	48.08-48.10	Norway	11.44-11.54
Malaysia Dollar	4.0225-4.0323	2.3665-2.3693	Portugal	144-149
New Zealand Dlr.	2.3465-2.3505	1.3775-1.3790	Spain	186½-196½
Saudi Arab. Riyal	5.8545-5.8615	3.4390-3.4410	Sweden	10.50-10.60
Singapore Dollar	3.6240-3.6270	2.1225-2.1255	Switzerland	3.62-3.70
Sth. African Rand	1.9750-1.9755	1.1585-1.1600	United States	1.69-1.71
U.A.E. Dirham	6.2505-6.2570	3.6715-3.6725	Yugoslavia	100-105

† Rate shown for Argentina is commercial. Financial rate 66,237-66,277 against sterling. 38,950-39,000 against dollar. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU August 16	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9704	45.1458	+0.39	+0.18	±1.5501
Danish Krone	8.23400	8.21719	−0.20	−0.41	±1.6430
German D-Mark	2.33379	2.36230	+1.22	+1.01	±1.0888
French Franc	6.61387	6.57731	−0.55	−0.76	±1.3940
Dutch Guilder	2.57971	2.60139	+0.84	+0.63	±1.5004
Irish Punt	0.691011	0.686388	−0.67	−0.88	±1.6891
Italian Lira	1350.27	1319.45	−2.28	−2.28	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Aug. 16	Pound Sterling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.703	4.280	449.3	11.928	3.675	4.720	2397.	2.131	81.90
U.S. Dollar	0.587	1.	2.510	263.8	7.004	2.158	2.772	1408.	1.251	48.08
Deutschemark	0.233	0.397	1.	104.6	2.783	0.856	1.100	558.7	0.497	19.09
Japanese Yen 1,000	2.226	3.791	9.549	1000.	26.33	8.173	10.51	5336.	4.745	182.3
French Franc 10	0.838	1.428	3.597	376.7	10.	3.078	3.957	2010.	1.786	68.66
Swiss Franc	0.272	0.464	1.168	122.3	3.248	1.	1.285	652.7	0.580	22.30
Dutch Guilder	0.212	0.361	0.909	95.18	2.527	0.778	1.	507.8	0.451	17.33
Italian Lira 1,000	0.417	0.710	1.790	187.4	4.976	1.531	1.969	1000.	0.889	34.17
Canadian Dollar	0.469	0.799	2.014	210.9	5.596	1.724	2.215	1125.	1.	38.44
Belgian Franc 100	1.221	2.079	5.236	548.5	14.56	4.484	5.763	2927.	2.601	100.

FT LONDON INTERBANK FIXING (11.00 a.m. AUGUST 16)

3 months U.S. dollars		6 months U.S. dollars	
bid 11 7/16	offer 11 9/16	bid 12 7/16	offer 12 9/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Aug. 16	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	11¼-11¾	10-10¼	16-17	8⅛-8⅜	1¼-2	8⅛-8⅞	14-14½	17½-19	13-14	13¼-13¾	6⅛-6½	13½-15
7 day's notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SDR linked deposits: one month [illegible] per cent; three months [illegible] per cent; six months [illegible] per cent; one year [illegible] per cent. ECU linked deposits: [illegible]. Asian $ (close rates in Singapore): [illegible]. Long-term Eurodollar: [illegible]; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two days' notice. The following rates were quoted for London dollar certificates of deposit: one month 10.50-10.60 per cent; three months 11.00-11.10 per cent; six months 11.50-11.60 per cent; one year 11.90-12.00 per cent.

MONEY MARKETS

London rates fall

UK clearing bank base lending rate 11½ per cent (since July 30 and August 2 and 3)

In the morning the authorities bought £6m bank bills in band 1 (up to 14 days maturity) at 11⅞-11½ per cent; £14m bank bills in band 2 (15-33 days); £9m bank bills in band 3 (34-63 days) at 11 per cent; and £6m bank bills in band 4 (64-84 days) at 10⅞ per cent.

In the afternoon further help was provided when the Bank of England bought £5m bank bills in band 1 at 11⅞ per cent; £38m bank bills in band 2 at 11⅛ per cent; £10m Treasury bills in band 3 at 11 per cent; £5m bank bills in band 3 at 11 per cent; and £15m bank bills in band 4 at 10⅞ per cent.

Discount houses paid around 11⅛-11⅞ per cent for secured call loans. In the interbank market overnight money opened at 11⅞-11⅜ per cent and eased to 11⅛ per cent on the first forecast. Rates then rose fairly steadily, touching a peak of 15 per cent, before easing to 11 per cent at the close.

Interest rates fell in the London money market yesterday, and the Bank of England reduced its market intervention rates by ⅛ per cent leading to increased speculation about a cut in clearing bank base lending rates in the near future.

The authorities forecast a shortage of £100m in the morning, but this was revised to £200m at noon, and to £250m in the afternoon. Despite the increase in the expected market shortage, the Bank of England gave assistance of only £109m, by buying £35m of bills in the morning, and £74m in the afternoon.

Major factors influencing the market were bills maturing in official hands and a net market take-up of Treasury bills of £520m, partly offset by Exchequer transactions of +£300m, and a fall in the note circulation putting a further £200m back into the banking system.

In Frankfurt call money touched a low point of 8.90 per cent, and rates are generally expected to show an easier trend this week, following the cut in the U.S. discount rate on Friday. The next meeting of the Bundesbank central council will be on August 26, when the German authorities seem likely to reduce the Lombard rate by ½ per cent to 9½ per cent.

In Amsterdam money market liquidity remained tight despite assistance from the Dutch central bank, keeping short term interest rates in the region of 9 per cent.

EUROCURRENCIES

Eurocurrency interest rates weakened yesterday, following the cut of ½ per cent to 10½ per cent in the U.S. Federal Reserve discount rate before the weekend. The reduction in the U.S. discount rate pushed down Eurodollar rates by about ½ percentage point, and other rates followed this trend, but on a rather smaller scale. Eurosterling rates showed the largest fall as a result of events in the U.S. and the decline in London domestic interest rates as the Bank of England cut its money market dealing rates. The reduction in the differential between Eurodollar and sterling rates reduced the U.S. currency's forward discount against the pound.

The sharp fall in Eurodollar rates also cut the forward premium of the stronger European currencies.

The forward discount of the French franc, Italian lira and Belgian franc, some of the weaker European units, supported by high interest rates, widened as a result of the cut in Eurodollar rates.

MONEY RATES

NEW YORK

Prime rate	14-15
Fed funds (lunch-time)	9¼-10
Treasury bills (13-week)	8.36
Treasury bills (26-week)	9.62

GERMANY

Lombard	9.00
Overnight rate	8.95
One month	9.15
Three months	9.15
Six months	9.10

FRANCE

Intervention rate	14.5
Overnight rate	14.5
One month	14.5625
Three months	14.5625
Six months	14.5625

JAPAN

Discount rate	5.5
Call (unconditional)	7.28125
Bill discount (three-month)	7.34375

LONDON MONEY RATES

Aug. 16 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	11⅛-20	—	—	—	11⅛-12	11⅛-11⅛	—	—	—
2 days notice	—	—	[illegible]	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11-18	[illegible]	—	—	[illegible]	[illegible]	—	—	—
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
Two years	—	—	[illegible]	—	—	—	—	—	—	—

ECGD Fixed Rate Sterling Export Finance. Scheme IV Average Reference Rate for interest period 19 July to 5 August 1982 (inclusive): 12.143 per cent. Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates, nominally three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent. ♦ Bank bill rates in table are buying rates for prime paper. [illegible] Finance Houses Base Rates (published by the Finance Houses Association) [illegible] per cent from August 1, 1982. London and Scottish Clearing Bank Base Rates for lending 11½ per cent. London Clearing Bank Deposit Rates for sums at seven days notice [illegible] per cent. Treasury Bills: Average tender rates of discount [illegible] per cent. Certificates of Tax Deposit (Series 3) [illegible] per cent from August 5 (plus an interest supplement of [illegible] per cent for the first month). Deposits withdrawn for cash [illegible] per cent.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

[illegible]

INSURANCE & OVERSEAS MANAGED FUNDS

INSURANCES

Abbey Life Assurance Co. Ltd. (z)
1-3 St. Paul's Churchyard, EC4P 4DX. 01-248 9111

Property Fund	229.1	[illegible]	.....	—
Equity Fund	49.5	[illegible]	.....	—
Property Acc.	268.4	[illegible]	.....	—
Equity Acc.	49.1	[illegible]	.....	—
Selective Fund	148.4	[illegible]	.....	—
Money Fund	168.7	[illegible]	.....	—
Convertible Fund	180.9	[illegible]	.....	—
Prop. Fd. Ser. 4	211.4	[illegible]	.....	—
Equity Ser. 4	56.2	[illegible]	.....	—
Man. Ser. 4	203.3	[illegible]	+0.9	—
Money Ser. 4	152.9	[illegible]	.....	—
Conv. Ser. 4	153.1	[illegible]	.....	—
Fixed Int. Fd. Ser. 4	127.5	[illegible]	+2.2	—
American Ser. 4	107.1	[illegible]	+0.9	—
High Inc. Ser. 4	115.0	[illegible]	+0.3	—
Indexed Inv. Series 4	99.0	[illegible]	+0.6	—
Pension Property	320.9	[illegible]	.....	—
Pension Equity	288.2	[illegible]	.....	—
Pension Selective	150.1	[illegible]	.....	—
Pension Managed	303.7	[illegible]	+1.4	—
Pension Security	226.3	[illegible]	.....	—
Pension Fixed Int.	124.3	[illegible]	+2.1	—
Pension Indexed Inv.	99.4	[illegible]	+0.6	—

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1. 01-437 5962

Equity Fd. Acc.	316.4	333.0	-0.7	—
Fixed Int. Acc.	206.4	217.2	+1.3	—
Gtd. Money Fd. Ac.	157.8	166.1	[illegible]	[illegible]

Crown Life—Continued

St. George Mangd. Fd.	110.9	116.7	.....	—
Lincs & Gen. Fd.	116.8	122.9	.....	—
Sage Fd.	86.1	90.6	.....	—
Heritage Fd.	101.3	106.6	.....	—
DBS Managed	106.4	111.9	.....	—
Crown, Brit. Inv. A		217.2	.....	—
Pens. Mixed. Fd.	151.1	156.5	+1.4	—
Pens. Mang'd. Acc.	112.5	118.4	+1.0	—
Pens. Mang'd. Init.	108.1	113.7	+1.0	—
Pens. Equity Acc.	98.9	104.1	+0.1	—
Pens. Equity Init.	94.7	99.6	+0.1	—
Pens. Fxd. Int. Acc.	115.0	121.0	+2.0	—
Pens. Fxd. Int. Init.	110.3	116.1	+1.8	—
Pens. Money Acc.	110.8	[illegible]	+1.8	—
Pens. Money Init.	106.2	[illegible]	+0.2	—

Crusader Insurance PLC
Tower Hse, 38 Trinity Sq, EC3N 4DJ. 488 2323

Growth Prop Aug 3	103.7	114.1	.....	—
Managed Pens. July 14	122.6	116.47	.....	—

Eagle Star Insur./Midland Assur.
1, Threadneedle St., EC2. 01-588 1212

Eagle/Mid. Units	79.3	82.2	-0.2	6.20

Equity & Law Life Ass. Soc. Ltd.
Amersham Road, High Wycombe. 0494 33377

UK Equities Fund	187.6	197.4	+0.6	—
Higher Inc. Fund	125.4	131.9	+0.5	—
Property Fund	193.4	203.5	.....	—
Fixed Interest Fund	153.6	161.6	+2.8	—
Index Linked Secs Fnd.	95.6	100.6	+0.5	—
Gtd. Deposit Fund	136.8	143.9	.....	—

Wren Commodity Management Ltd.
10, St. George's St., Douglas IoM. 0624 25015

Wren Com. Fund	34.2	35.9	.....	6.60
Chinese Fund	64.7	67.9	.....	9.30
Precious Metal Fund	141.9	147.5	.....	8.30
Vanguard Cmdy. Fd.	39.9	41.6	.....	2.26
Financial Futures Fd.	100.9	105.3	.....	—
Wren Intl. Fnd.*	$0.773	0.810	.....	—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's price. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1982 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99 13/16	95⅝	Exch. 9¼pc 1982	99 13/16xd	+⅛	—	—
99¾	94⅛	Exch. 8¾pc 1983	99¾	+⅛	8.77	9.23
97¼	91	Exch. 3pc 1983	97¼xd	+¼	3.08	8.55
101¼	95¾	Treasury 12pc 1983‡‡	101¼xd	+¼	11.85	9.91
99⅝	92⅞	Treasury 9½pc '83	99⅝	+⅛	9.51	9.93
103½	96⅝	Exch. 13½pc '83	103½	+½	13.04	10.11
100	91⅞	Exch. 10pc 1983	100	+⅝	10.00	9.94
97½	87⅝	Funding 5½pc '82-84‡‡	97½	+½	5.64	7.37
102	91⅞	Exch. 11¼pc 1984	102xd	+⅝	11.03	9.76
105⅝	96¼	Exchequer 14pc 1984	105⅝	+⅝	13.29	10.60
92¾	81⅛	Exch. 3pc 1984	92¾	+¾	3.22	7.29
102½	91½	Treasury 12pc 1984	102½	+¾	11.71	10.53
108½	96¼	Treasury 15pc 1985	108½xd	+¾	13.82	11.02
103⅜	89½	Exch. 12pc Cnv. '85	103⅜xd	+¾	11.61	10.53
88¼	73½	Treasury 3pc 1985	88¼	+1¼	3.40	7.80
102⅛	87½	Treasury 11½pc 1985	102⅛	+1¼	11.26	10.60
103⅜	88⅝	Exch. 12¼pc 1985	103⅜	+1¼	11.88	11.02
102⅛	86⅛	Exch. 11¾pc '86	102⅛xd	+1¼	11.51	10.99
85¼	69	Treasury 3pc 1986	85¼	+1	3.50	7.40
102¼	86¼	Treasury 12pc '86	102¼	+1½	11.74	11.28
95½	80⅜	Treasury 8½pc '84-86‡‡	95½	+½	8.90	9.91
103½	96⅛	Treas. 12¼pc '86 Cnv.	103½	+1⅛	11.84	11.11
108⅜	91⅞	Exch. 14pc 1986	108⅜	+1¼	12.92	11.37
106¼	90	Exch. 13¼pc 1987	106¼	+1½	12.47	11.38
—	—	Exch 10½pc '87 (£40pd)	£96¾	....	10.85	11.42
90	73⅞	Funding 6½pc '85-87‡‡	90	+1	7.22	9.15
82½	64½	Treasury 3pc 1987	82½	+½	3.64	7.29

Five to Fifteen Years

1982 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
104½	85⅝	Treas. 12pc 1987	104½	+1⅜	11.88	11.70
101½	99⅝	Treas 12pc 1987 'A'	101½	+1¼	11.83	11.72
92½	72½	Treasury 7¾pc '85-88‡‡	92½	+1¼	8.42	9.65

Over Fifteen Years

Undated

Index-Linked & Variable-Rate

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

LOANS—Continued

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

BANKS & H.P.—Cont.

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

مكتبة الأمل

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
120	75	Falcon Rh.50c	100	......	Q25c	10.3	12.4
33	19	Wankie Col. Z$1	20	......	Q3c	1.2	8.1
21	12	Zam.Cpr.SBD0.24	13	......	—	—	—

Australian

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
23	10	ACM 20c	14½	+½	—	—	—
7	1½	Argosy Gold NL 25c	2½	......	—	—	—
131	54	Bond Corp.	54	......	Q10c	2.3	11.4
82	58	Bougainville Kina	75	+2	Q5.71c	1.2	5.2
192	147	CRA 50c	104	+2	Q5c	—	15
16	10	Cerr Boyd 20c	15	......	—	—	—
56	22	Central Pacific	26	−1	—	—	—
360	152	Crusader Oil	235	......	—	—	—
26	10	Cultus Pacific N L	10½	−½	—	—	—
27	14	Eagle Corp. 10c	14	......	—	—	—
23	8½	Endeavour 20c	8½	......	—	—	—
368	150	G. M. Kalgoorlie 25c	200	......	Q32½c	0.8	9.4
10	2½	Great Eastern	4	......	—	—	—
63	30	Greenbushes Tin 10c	32	......	2½c	1.9	10.7

[illegible]

Tins

[illegible]

Miscellaneous

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
40	20	Anglo-Dominion	29	......	—	—	—
16½	12	Burma Mines 10p	12	......	0.55	1.0	6.5
130	27	Colby Res. Corp.	42	......	—	—	—
292	170	Cons. Murch. 10c.	230	......	‡Q60c	1.9	‡
8	2	♦Explaura Gold	2	......	—	—	—
105	55	Highwood Res.	70	......	—	—	—
255	160	Northgate C$1	165	−5	—	—	—
468	344	R.T.Z.	413	+3	16.0	2.1	5.5
£108½	£84	[illegible]	£99	+1	Q9½%	30.0	19.7
20	11	Sabina Inds. C$1	12	......	—	—	—
44	27	♦Southwest C. 10p	34	+3	—	—	—
500	270	Tara Expln. $1	295	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(3).
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♣ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.
- ♥ Rate applicable to non-Zimbabwean residents.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −
Albany Inv. 20p	39	......
Bertrams	17#	......
Bdg'wtr. Est. 50p	440	......
Craig & Rose £1	£12½	......
Finlay Pkg. 5p	30½	−½
Graig Ship. £1	£20	......
Higsons Brew.	90	......
Holt (Jos) 25p	790	......
I.O.M. Stm. £1	85	......
Pearce (C. H.)	£10¼	......
Peel Hldgs.	151	......
Sheff. Refrshmt	65	+5
Sindall (Wm.)	238	+3

IRISH	Price	+ or −
Conv. 9% '80/82	£99⅛	......
Nat. 9¾% 84/89	£77½	+¼
Fin. 13% 97/02	£82¾	+1½
Alliance Gas	85	......
Arnott	215	......
Carroll (P.J.)	74	......
Concrete Prods.	50	......
Heiton (Hldgs.)	15	......
Irish Ropes	34	......
Jacob	72	......
T.M.G.	4½	......
Unidare	50	......

OPTIONS

3-month Call Rates

Stock	Rate	Stock	Rate	Stock	Rate
Industrials		House of Fraser	15	Utd. Drapery	7
Allied-Lyons	8	I.C.I.	24	Vickers	16
BOC Intl.	15	"Imps"	8	Woolworths	5
B.S.R.	8½	I.C.L.	5½	**Property**	
Babcock	10	Ladbroke	15	Brit. Land	7½
Barclays Bank	42	Legal & Gen.	19	Cap. Counties	10
Beecham	21	Lex Service	10	Land Secs.	28
Blue Circle	46	Lloyds Bank	42	MEPC	20
Boots	19	"Lofs"	6½	Peachey	14
Bowaters	24	London Brick	7	Samuel Props.	11
Brit. Aerospace	17	Lucas Inds.	20	Town & City	3½
B.A.T.	38	"Mams"	12	**Oils**	
Brown (J.)	7	Mrks. & Spncr	12	Brit. Petroleum	26
Burton Ord.	15	Midland Bank	30	Burmah Oil	10
Cadburys	9	N.E.I.	9	Charterhall	6
Courtaulds	0	Nat. West. Bank	56	I.C.A.	14
Debenhams	7	P & O Dfd.	14	Premier	6
Distillers	15	Plessey	32	Shell	30
Dunlop	6½	Racal Elect.	35	Tricentrol	22
Eagle Star	31	R.H.M.	6½	Ultramar	30
F.N.F.C.	4	Rank Org. Ord.	20	**Mines**	
Gen. Accident	28	Reed Intnl.	26	Charter Cons.	25
Gen. Electric	65	Sears	6	Cons. Gold	45
Glaxo	42	T.I.	13	Lonrho	7
Grand Met.	27	Tesco	5½	Rio T. Zinc	42
G.U.S. 'A'	45	Thorn EMI	42		
Guardian	25	Trust Houses	11		
G.K.N.	15	Turner & Newall	11		
Hawker Sidd	30	Unilever	55		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 21

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Tuesday August 17 1982

Headache of a gas find in a load of old rubbish

By Sue Cameron and Ian Hamilton Fazey

SIZEABLE quantities of natural gas — worth more than £76m a year at today's prices—have been discovered by the Merseyside Development Corporation at a 50-year-old rubbish tip in Liverpool. But the gas find, on a site being reclaimed for Britain's first international garden festival, is being viewed as a headache rather than a windfall.

The gas is produced as refuse decomposes and provisional estimates by the corporation's engineers put the amount being generated by the rubbish tip at some 250m therms a year. This is the equivalent of 1m tonnes of coal a year and would be almost enough to meet the entire demand for industrial gas in Wales.

The tip is at Otterspool in the centre of the city. It is close to Toxteth, the scene of serious rioting last summer.

The corporation, which is directly funded by the Government, is spending almost £13m on the 250-acre garden project as part of its efforts to bring new life to the decayed inner city area. But if gas on the site could yield £76m a year—the figure is based on the average price of 30.5p a therm which the British Gas Corporation charges its industrial customers—it would pay for the garden festival almost six times over.

Last night, however, the corporation was taking a cautious approach to its would-be gas bonanza.

"Every conurbation in the country has vast refuse tips like this," a spokesman said. "And in Liverpool alone the sewers probably produce gas equivalent to 2m tonnes of coal a year. The problem is harnessing the gas, and then finding a customer for it.

"Experience suggests that one starts off with high hopes of a cheap district heating system and then finds that the economics just don't work out. Frankly, what we have at the moment at Otterspool is a problem."

The corporation knew there would be natural methane gas on the tip, and plans to spend some £500,000 on removing it in safety.

But it had not realised quite how much gas was being generated by the tip. News of the quantity present has now leaked out and apparently provided ammunition for opponents of the garden festival scheme.

The corporation is not entirely pessimistic about its gas find. Although it believes the odds against the gas being sold commercially are heavy, it said it would be delighted if someone wanted to buy it and would subsidise the initial cost of collection. They could then pay back the capital cost out of their profits from gas sales.

The British Gas Corporation, however, was decidedly gloomy about the chances of using the Liverpool tip as a source of supplies. It admitted that 250m therms was "a hell of lot of gas"—roughly half the size of a small North Sea gas field such as West Sole. But said gas from a rubbish tip could have "all sorts of funnies in it."

"We would probably have to clean it before we could use it and strip out any other gases," a spokesman said. "And there would be the problem of maintaining pressure. The supply would probably only last for a few years, and that's assuming there really are 250m therms there. It is most unlikely it would be compatible with our specification gas.

"Usually gas from this kind of source is more of a nuisance than anything."

British Gas experts said, however, there might be a future for gas produced from decomposed matter, particularly in Third World countries. Sewage rather than rubbish tips appeared the most likely source. Research by British Gas has discovered that human waste can yield 1 cu ft of natural gas per person per day. The ratio for cattle is 1.5 cu ft a day per cow. And the best producers are pigs — 8.4 cu ft a day per porker.

Continued from Page 1

Eurobonds

amendments were still in the process of being redrafted. A final printed version seemed unlikely until late evening at the earliest and possibly as late as tonight.

Latest reports in Washington suggested last night that Eurobonds would be allowed exemption from the general category of "registration-required obligations" on certain conditions. These could include a warning on the bond certificate of potential tax complications for U.S.

Agreement near on PLO say Israel and Lebanon

BY OUR FOREIGN STAFF

ISRAELI and Lebanese leaders said yesterday that agreement on the evacuation of Palestine Liberation Organisation fighters in Beirut was close.

Mr Chafiq al-Wassan the Lebanese Prime Minister said the pull-out could start within a week.

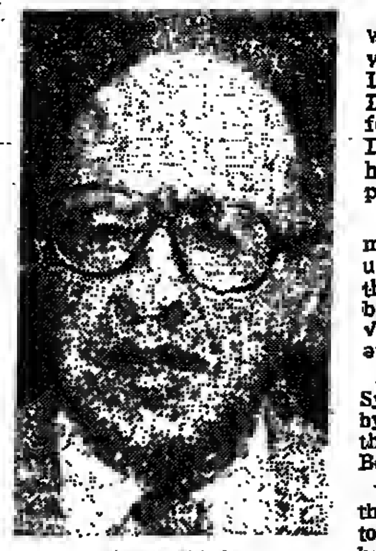
He was speaking after meeting Mr Philip Habib, the U.S. special mediator. Mr Habib had flown back to Beirut after intensive meetings with Israeli leaders including Mr Menahem Begin, the Prime Minister in Jerusalem over the weekend. But the PLO last night had not publicly announced that the withdrawal would begin.

Mr Habib appears to have taken with him two key concessions from the Israelis. First, Mr Begin's cabinet is no longer demanding a list of names of the estimated 7,000 PLO fighters due to be evacuated from Beirut.

Second, the Israelis agree that a vanguard of the 1,600 to 2,000-man multinational force of Italian, French and U.S. troops could enter Beirut at the time of the withdrawal. Previously, the Israelis had insisted that most PLO fighters must withdraw in advance of the multinational force landing.

A U.S. force of about 1,800 marines sailed from Naples yesterday bound for waters off Lebanon where it will be in position to respond to an order to land.

A sticking point in an overall package is Israel's demand for the return of a pilot shot down early in the fighting. It also wants the bodies of nine soldiers killed during the invasion of Lebanon in 1978.



Philip Habib: Returned to Beirut

These two demands are "non-negotiable" an Israeli official said in Jerusalem, adding that there was no question of the pilot or the bodies being exchanged for the 7,400 or so PLO fighters captured in Lebanon during the present two-month-old conflict.

The evacuation will be phased over 15 days. Under the plan some PLO fighters will be driven to Damascus while others will go by boat to Egypt and, possibly, Cyprus as stopping off points on their way to eight countries.

It was not clear last night whether the Syrians would withdraw their troops from Lebanon. The state-run Damascus radio said Syrian forces would not pull out of Lebanon under Israeli threat but would defend their presence.

The broadcast made no mention of Beirut. Syria has up to 30,000 troops as part of the Arab Deterrent Force based mostly in the Bekaa Valley in north-east Lebanon.

Between 1,500 and 2,500 Syrian troops, who were cut off by the Israeli encirclement of the city, are believed to be in Beirut.

Lebanese officials said they thought Syria would be prepared to withdraw its troops in Beirut back to Syria after the PLO evacuation had been completed.

Reuter reports from Cairo: Egypt said yesterday that there would be no resumption of the stalled Palestinian autonomy talks with Israel until Israeli forces withdrew from Lebanon.

Statements made by Mr Kamal Hassan Ali, the Foreign Minister, and his deputy, Mr Boutros Boutros Ghali, linked the resumption of the talks with Israel's withdrawal from Lebanon and a change in Israel's understanding of the 1978 Camp David peace accords.

The U.S.-sponsored agreements provided for negotiations between Israel and Egypt on granting self-rule to 1.3m Palestinians living in the West Bank and Gaza Strip.

Retail sales buoyant in July

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE VOLUME of sales in the shops in July was broadly the same as in June, according to provisional statistics published yesterday by the Department of Trade.

The figures show that the seasonally-adjusted index of volume sales in July was 107 (1978=100), compared with a June index of 106.6.

Retailers said the July figures were relatively buoyant because of vigorous price cutting, warm weather, and the abolition of hire purchase controls in the last week of the month.

Sales volume for the last three months has been about the same as in the previous quarter. The average level of sales in the first seven months of this year was about 1 per cent above the 1981 average.

In value terms, with no seasonal adjustment, retail sales in July were about 8 per cent higher than in July last year. In the first seven months of 1982 the average level of sales was also 8 per cent higher than the value for the same period of last year.

The Retail Consortium, which represents most of Britain's retailers, said yesterday that the "tremendous price cuts on offer have made the position much healthier than would otherwise have been the case."

The consortium expects the recent cut in the mortgage rate to give a marginal stimulus to sales this autumn. It is looking for a consumer boom next year, triggered by the Budget and the possibility of an early general election.

The scrapping of hire purchase restrictions has boosted car and electrical goods retailers. Mr Terry Curry, of the Curry's electrical goods chain, said that while sales in July had been "modestly buoyant," they were "significantly higher" after controls were ended.

Sales had improved sharply across the board, he said, with "white" goods such as refrigerators and freezers doing marginally better than "brown" goods like televisions and videos. Sales of white goods normally are depressed in the summer.

The boost to retail sales from the ending of hire purchase controls was confirmed yesterday by the United Association for the Protection of Trade, the largest credit reference agency in the UK.

Application for credit facilities by consumers had risen by 20 per cent in the first week in August compared with the week before HP controls were lifted, the association said.

In July as a whole, taking account of the week of the "HP boom," credit applications were 12 per cent higher than last year. In June applications were running at 5 per cent below last year's rate.

Other retailers remain encouraged by the buoyancy of trade. Boots yesterday reported that average sales in July were 10 per cent above the figure for July last year.

The Argos discount stores also reported a 25 per cent increase in sales value last month compared with July 1981. It adds that the actual growth was more "modest" when the extra selling space from new showrooms was taken into account.

Figures from the John Lewis Partnership department stores show that sales in the first week of August were 12 per cent higher in value than last year.

Threat to small manufacturers

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

A NEW wave of closures and redundancies is threatening smaller and medium sized manufacturers, the Association of British Chambers of Commerce warned yesterday.

In a letter to Mr Patrick Jenkin, the Industry Secretary, the association urged the Government to help these companies, mainly in the component manufacturing sector, to prevent further closures.

The association's warning follows a gloomy picture of industry's morale presented to the Government in a recent Confederation of British Industry survey.

Slack order books and low industrial output have prompted many Conservative MPs, particularly from the West Midlands, to press ministers for some reflationary measures. Industrial output figures published last week showed a 1.5 per cent drop between May and June.

The MPs' anxiety was reflected strongly at the weekend by Mr James Prior, Northern Ireland Secretary and a leading Cabinet "wet", who spoke up strongly against current levels of unemployment and said he favoured some measures of encouragement for industry.

The association's letter called for:

● An extension of the Temporary Employment Subsidy scheme to cover companies with fewer than 10 employees.

● Relief from industrial rates for parts of a factory not in use and the de-rating of fixed plant.

● Revival of the Small Engineering Firms' Investment Scheme, a £30m grants scheme for investments in high technology machine tools.

Some 1,748 companies applied for such grants this year.

The chambers of commerce have offered to administer the schemes to save costs.

The association believes the cost of its proposals would be substantially offset, even in the short term, by savings in unemployment pay and welfare benefit and the continued flow of tax revenue from people who would otherwise lose their jobs.

Mr John Risk, chairman of the association's national council, said in the letter that the output figures were "further confirmation of the severity of the problems facing British industry.

"Reports from chambers of commerce and from industry are unanimous in warning that real and lasting damage is being done to the industrial base."

Mr Risk said many companies whose future was insecure had taken all measures possible to reduce costs and improve productivity.

Feature, Page 13

Continued from Page 1

Short tap announced

index rose 0.9 points to 545.8 at the close.

The enthusiasm for government stock followed cuts in the U.S. prime lending rates and a cut by the Federal Reserve of its discount rate for the third time in four weeks.

The Bank of England reduced its money market dealing rates about ⅛ point for bills of all maturities. This brought the shortest maturities down to 11⅛ per cent.

The three-month interbank rate, regarded as a good indicator of the general trend of UK rates fell ⅛ point to 11⅛ per cent. Three-month Eurodollar rates were down to 11½ per cent from 12⅝ per cent.

It was hoped yesterday that these downward movements continuing Friday's reductions would mark a return to the easier trend of interest rates on both sides of the Atlantic.

This gave way to extreme nervousness in the second week of August when the exchange rate of the dollar and U.S. interest rates moved up sharply amid fears about the future emphasis of U.S. monetary policies. The Federal Reserve Bank now appears to have calmed the markets' fears for the time being.

The UK authorities are anxious to engineer lower interest rates as quickly as possible as an answer to companies' recent complaints about the depressed state of industrial activity and the generally gloomy outlook for orders.

Continued from Page 1

Unions

which will also be presented at today's meeting.

The confidential SCPS paper opposes Megaw's recommendations on market forces. It warns that the Government will not shift from its position on cash limits "unless forced to by threatened or actual industrial action."

The CCSU document, meanwhile, says the unions are prepared to consider a bonus scheme, though it would have to be financed with money in addition to the Civil Service's pay allocation.

It accepts the central Megaw concept of "informed collective bargaining," though with strong reservation about its detailed proposals.

Mexico in emergency debt talks with IMF

By Alan Friedman in Mexico City

THE MEXICAN Government has held talks with the International Monetary Fund amid reports from bankers in Mexico City that the country will have to renegotiate at least a part of its $60bn (£35bn) of public sector foreign debts.

Bankers who met Sr Jesus Silva Herzog, Finance Minister, confirmed a report in yesterday's Excelsior newspaper that the minister visited Washington over the weekend and met IMF officials.

According to the Excelsior report, Sr Herzog is seeking emergency dollar facilities to help Mexico to cope with its current cash crisis.

Foreign exchange markets remained closed in Mexico yesterday following last Friday's imposition of exchange controls, banning the transfer of foreign currency from the country and freezing all dollar bank accounts.

Since the imposition of exchange controls a black market has resulted in wild fluctuations of the unofficial peso dollar rate.

Under the two-tier exchange system introduced on August 5, a preferential rate of 49.5 pesos to the dollar was established along with a floating rate above 70 pesos.

At Mexico City's airport black marketeers are buying dollars for as little as 50 pesos and selling them for 100-150 pesos to the dollar.

One major foreign bank in Mexico City said yesterday it had received a request from a public sector borrower for extra time to make repayments of principal and interests due this week. "They have told us they don't have access to the dollars and cannot make the repayments," the bank said.

If the bank does not agree to defer payments this could result in a technical default by at least one public sector borrower. Major U.S. banks with large outstanding Mexican debts said they expect to renegotiate at least a part of the $60bn foreign debt. The immediate amount to be rescheduled would be less than $10bn and involves repayments which fall due in the next three months.

Under an IMF agreement, Mexico could draw about $4bn of funds but it is not clear how much of this would be immediately available.

Bankers in Mexico City yesterday criticised the way exchange controls were introduced on Friday. The measures were introduced to stem a massive outflow of dollars from Mexico

David White in Paris adds: The Mexican authorities have told French companies working on the ambitious Mexico City metro project that sections under construction are to be delayed or suspended because of the country's financial difficulties.

Weather

UK TODAY

COOL and unsettled.

S.W. England, Wales, N. Ireland
Sunny with scattered showers; rain later. Max 18C (64F).

Rest of England
Sunny periods and showers dying out later. Max 20C (68F).

Scotland
Blustery shower with sunny intervals. Max 16C (61F).

Outlook: Continuing unsettled.

WORLDWIDE

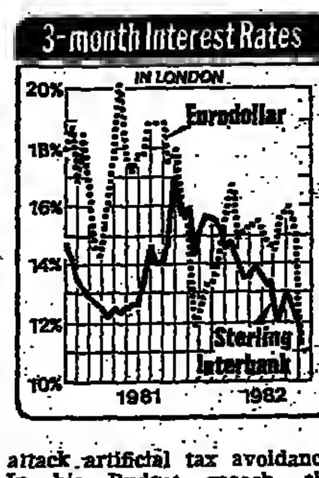
		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	27	81	L. Ang.†	C	17	63
Algiers	F	31	88	Luxmbg.	F	23	73
Amsdm.	C	15	59	Luxor	S	38	100
Athens	S	33	91	Madrid	S	31	88
Bahrain	S	35	95	Majorca	S	30	86
Barclna.	S	27	81	Malaga	S	26	79
Beirut	—	—	—	Malta	S	33	91
Belfast	F	17	63	M'chstr.	R	13	55
Belgrd.	S	29	84	Melbne.	C	12	54
Berlin	S	22	72	Mx. C.	—	—	—
Biarritz	C	21	70	Miami†	S	26	79
Bmghm.	C	19	66	Milan	S	27	81
Blackpl.	R	14	57	Montrl.†	S	19	66
Bordx.	C	23	73	Moscow	R	14	57
Boulgn.	C	18	64	Munich	F	22	72
Bristol	C	17	63	Nairobi	C	21	70
Brussels	F	22	72	Naples	S	31	88
Budpst.	S	27	81	Nwcsl.	R	13	55
Cairo	S	33	91	N. York	—	—	—
Cardiff	C	19	66	Nice	S	27	81
Cas'b'ca	S	24	75	Nicosia	S	29	84
Cape T.	S	17	63	Oporto	S	21	70
Chicg.†	F	19	66	Oslo	S	19	66
Cologne	F	22	72	Paris	F	21	70
Cpnhgn.	S	19	66	Perth	F	20	68
Corfu	S	32	90	Prague	F	25	77
Denver†	S	14	57	Reykjvk.	F	11	52
Dublin	F	16	61	Rhodes	S	26	79
Dbrvnk.	S	29	84	Rio J'o	—	—	—
Ednbgh.	C	15	59	Rome	S	30	86
Faro	S	27	81	Salzbrg.	F	24	75
Florence	S	29	84	S F'cisco	—	—	—
Frankft.	F	25	77	Singapr.	C	28	82
Funchal	C	23	73	S'tiago	—	—	—
Geneva	S	17	63	Stckhm.	C	17	63
Gibraltar	S	26	79	Strasbg.	C	25	77
Glasgow	F	15	59	Sydney	C	14	57
G'nsey	C	16	61	Tangier	S	27	81
Helsinki	C	20	68	Tel Aviv	S	30	86
H. Kong	R	27	81	Tenerife	F	24	75
Innsbrk.	S	23	73	Tokyo	C	25	77
Invrnse.	F	16	61	T'ronto†	F	16	61
I.o.Man	C	14	57	Tunis	S	34	93
Istanbul	S	27	81	Valencia	S	30	86
Jersey	C	18	64	Venice	S	30	86
Jo'burg	S	22	72	Venice	S	33	88
L. Plms.	S	22	72	Vienna	S	25	77
Lisbon	S	24	75	Warsaw	S	22	72
Locarno	S	26	79	Zurich	C	21	70
London	C	18	64				

C—Cloudy. F—Fair. R—Rain. S—Sunny.
† Noon GMT temperatures.

THE LEX COLUMN

Signs of realism from the Royal

Index rose 0.9 to 545.8



After the beating which the composite insurance market took last week from General Accident and Commercial Union, a respectable set of interim figures from Royal Insurance was welcome relief. The numbers are pretty dreadful in absolute terms — profits for the six months to June are down 53 per cent to £32m pre-tax — but Royal does at last seem to be practising the discipline which all the composites have preached for months.

The clearest illustration comes from Canada where underwriting losses have been cut back sharply enough to leave the general insurance account in profit. Royal has been prepared to concede market share — premium income is down 17 per cent in local currency terms — in order to obtain realistic rates. A similar recovery is taking place in Australia.

These two countries between them accounted for 71 per cent of the group's 1981 underwriting loss, so drastic action looked almost inevitable, and Royal has admittedly received some help from a general firming of rates in the two markets. But the experience does seem to have steeled Royal to a sterner lina elsewhere.

In th UK, the second quarter has produced a small underwriting profit, which contrasts starkly with the situation at GA where underwriting losses amounted to over 10 per cent of written premiums. Royal has cut back sharply in some commercial lines, but the overall underwriting picture will still look miserable over the full year.

Royal has lowered its U.S. sights to dollar premium income growth of about 10 per cent this year. But, with the market still deteriorating, it may need to cut back some more. With a fair wind, it could come close to last year's pre-tax figure of £117.5m. This would represent decent progress, since the first half bore a £42m increase in weather losses, and a lower tax charge should enable the group to nudge up the final payment while improving dividend cover slightly. Up 8p at 350p yesterday, the shares yield close to 12 per cent.

Revenue crackdown

Last spring the Inland Revenue surprised itself by the hornet's nest it trod in with its proposals to counter international tax avoidance. The big corporations protested vigorously about the effects it would have on their business —side effects surely, since the point of the proposals was to attack artificial tax avoidance. In his Budget speech, the Chancellor pulled the draft clauses for reconsideration in the interests of "avoiding economic damage." However, the nature of the Revenue's reconsideration will come as a shock for many companies.

In its new working documents the Revenue makes it clear that, far from being an unintended side effect, many of the clauses were indeed drafted to curb the activities of mainstream multinational business. So, while the British Government falls over itself to invent enterprise zones and business start-up schemes to encourage investment in the UK, the Revenue remains highly suspicious of incentives elsewhere. It confirms that tax breaks in such notorious tax havens as the U.S. and the Netherlands would, under its proposals, lay companies open to the potentially expensive charge of tax avoidance. To add insult to injury, it has remained adamant on not taking into account some UK incentives when calculating whether by comparison another tax regime is privileged.

The Revenue seems to have built up a grudge against the common multinational practice of setting up intermediate holding companies to "average" foreign taxes for double tax relief purposes. Why should such companies "be excluded from the scope of this charge?" It thunders.

Meanwhile, some criticisms of one of the Revenue's three litmus tests for detecting avoidance, acceptable distribution, have been taken to heart, and this test may disappear. That leaves the tests of motive and of genuine trading, and since the Revenue argues that dealings in commodities, securities or leases cannot satisfy the criterion of genuine trading, financial companies must be judged on motive.

The City is bound to feel vulnerable. The Revenue claims that it has no discretion to determine what will satisfy the motive test, but it certainly has the discretion to challenge a company. The prospect of a long court battle, with an unpredictable outcome, represents a very substantial deterrent.

Markets

Spare a thought for those poor gilt-edged brokers beached on the Sporades, two days behind with the test match score and missing the best bull market for five years. The Government Broker, on his best barrow-boy form, left the market untapped on Friday afternoon so that an acute stock shortage developed yesterday following some most agreeable news from the U.S.: a discount rate cut, good money figures and strong bonds.

After a two-point rise in gilt-edged the GB produced a new 1987 tap stock, with a 10½ per cent coupon, 1½ points below that of his last issue, only seven months longer dated, and the lowest on a conventional Government stock since June 1978. The long market, still untapped, rose by another half point, and the new issue will presumably be swallowed up by the traders and by the building societies, who seem to have more cash than they know what to do with and might do well to close on Saturdays.

The monetary authorities find themselves at that honeymoon phase of the economic cycle when monetary policy—targets and restraint—and the intermediate interest rate objective —downward—do not conflict at all. Every eighth of a point that the Bank of England skims off its bill dealing rates enables it to mop up £½bn of bank deposits in the gilt-edged market. It is enough to turn the heads of less well-balanced operators.

For investors, certain minor details may be overlooked in the general excitement. A top-rate taxpayer buying the Transport 3 per cent 1978-88 stock today in preference to the Index-linked 2 per cent 1988 (some of which is still on the G.B.'s barrow) is implicitly assuming that inflation over the next six years will average less than 3½ per cent per annum. Either a lot of people are locked into Transport 3s with a capital gains tax liability, or the market has better things to do than arithmetic.